

PALOMAR  
POMERADO  
HEALTH  
SPECIALIZING IN YOU

**BOARD OF DIRECTORS  
AGENDA PACKET**

May 12, 2008

*The mission of Palomar Pomerado Health  
is to heal, comfort and promote health  
in the communities we serve.*

*A California Health Care District (Public Entity)*

## **PALOMAR POMERADO HEALTH BOARD OF DIRECTORS**

**Bruce G. Krider, MA, Chairman**  
**Marcelo R. Rivera, MD, Vice Chairman**  
**Linda Bailey, Secretary**  
**T. E. Kleiter, Treasurer**  
**Nancy L. Bassett, RN, MBA**  
**Linda C. Greer, RN**  
**Alan W. Larson, MD**

**Michael H. Covert, FACHE, President and CEO**

*Regular meetings of the Board of Directors are usually held on the second Monday  
of each month at 6:30 p.m., unless indicated otherwise  
For an agenda, locations or further information  
call (858) 675-5106, or visit our website at [www.pph.org](http://www.pph.org)*

### **MISSION STATEMENT**

***The Mission of Palomar Pomerado Health is to:  
Heal, Comfort, Promote Health in the Communities we Serve***

### **VISION STATEMENT**

***Palomar Pomerado Health will be the health system of choice for patients, physicians and employees,  
recognized nationally for the highest quality of clinical care and access to comprehensive services***

### **CORE VALUES**

#### ***Integrity***

*To be honest and ethical in all we do, regardless of consequences*

#### ***Innovation and Creativity***

*To courageously seek and accept new challenges, take risks, and envision new and endless possibilities*

#### ***Teamwork***

*To work together toward a common goal, while valuing our difference*

#### ***Excellence***

*To continuously strive to meet the highest standards and to surpass all customer expectations*

#### ***Compassion***

*To treat our patients and their families with dignity, respect and empathy at all times and  
to be considerate and respectful to colleagues*

#### ***Stewardship***

*To inspire commitment, accountability and a sense of common ownership by all individuals*

### ***Affiliated Entities***

Escondido Surgery Center \* Palomar Medical Center \* Palomar Medical Auxiliary & Gift Shop \* Palomar Continuing Care Center \*  
Palomar Pomerado Health Foundation \* Palomar Pomerado Home Care \* Pomerado Hospital \* Pomerado Hospital Auxiliary & Gift Shop \*  
San Marcos Ambulatory Care Center \* Ramona Radiology Center \* VRC Gateway & Parkway Radiology Center \* Villa Pomerado  
• Palomar Pomerado Health Concern \* Palomar Pomerado Health Source \* Palomar Pomerado North County Health Development, Inc.\*  
• North San Diego County Health Facilities Financing Authority\*

**PALOMAR POMERADO HEALTH  
BOARD OF DIRECTORS  
REGULAR MEETING AGENDA**

**Monday, May 12, 2008**

**Commences 6:30 p.m.**

**Pomerado Hospital  
Meeting Room E  
15615 Pomerado Road  
Poway, California**

**Mission and Vision**

*“The mission of Palomar Pomerado Health is to heal, comfort and  
promote health in the communities we serve.”*

*“The vision of PPH is to be the health system of choice for patients,  
physicians and employees, recognized nationally for the highest quality  
of clinical care and access to comprehensive services.”*

|                                                                                                                                                                                            | <u>Time</u>            | <u>Page</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------|
| <b>I. CALL TO ORDER</b>                                                                                                                                                                    |                        |             |
| <b>II. OPENING CEREMONY</b>                                                                                                                                                                | 2 min                  |             |
| A. Pledge of Allegiance                                                                                                                                                                    |                        |             |
| <b>III. PUBLIC COMMENTS</b>                                                                                                                                                                | 5                      |             |
| <i>(5 mins allowed per speaker with cumulative total of 15 min per group – for<br/>further details &amp; policy see Request for Public Comment notices available<br/>in meeting room).</i> |                        |             |
| <b>IV. * MINUTES</b>                                                                                                                                                                       | 5                      | 1-9         |
| Regular Board Meeting – April 14, 2008                                                                                                                                                     |                        |             |
| <b>V. * APPROVAL OF AGENDA to accept the Consent Items as listed</b>                                                                                                                       | 5                      | 10-32       |
| A. Consolidated Financial Statements                                                                                                                                                       |                        |             |
| B. Revolving Fund Transfers/Disbursements – March, 2008                                                                                                                                    |                        |             |
| 1. Accounts Payable Invoices                                                                                                                                                               | \$38,580,314.00        |             |
| 2. Net Payroll                                                                                                                                                                             | <u>10,157,382.00</u>   |             |
| Total                                                                                                                                                                                      | <u>\$48,737,696.00</u> |             |
| C. Ratification of Paid Bills                                                                                                                                                              |                        |             |
| D. March 2008 & YTD FY2008 Financial Report - Addendum A                                                                                                                                   |                        |             |
| E. Auction Rate Securities - Addendum B                                                                                                                                                    |                        |             |

*“In observance of the ADA (Americans with Disabilities Act), please notify us at 858-675-5106,  
48 hours prior to the meeting so that we may provide reasonable accommodations”*

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

- F. **Physician Recruitment Agreement - Internal Medicine – Carlos Franco, M.D. and Graybill Medical Group**
- G. **Physician Recruitment Agreement - Internal Medicine – Manuel Tanguma, III, M.D. and Graybill Medical Group**
- H. **Independent Citizens' Oversight Committee – Applications to Replace Pending Vacancies**
- I. **PPH *expresscare*-Escondido – Medical Director – Administrative Oversight/Quality Assurance and Alejandro Paz, M.D.**

## VI. PRESENTATIONS -

Faith and Health Partnership      Kay Stuckhardt, MPH, Faith and Health  
Program      Partnership Program Coordinator      15

*Addendum C*

## VII. REPORTS

### A. Medical Staffs      10      33-63

- \* 1. Palomar Medical Center – *John J. Lilley, M.D.*
  - a. Credentialing/Reappointments
  - b. Department of OB/GYN Rules and Regulations
  - c. Department of Surgery Rules and Regulations

- \* 2. Pomerado Hospital – *Benjamin Kanter, M.D.*      64
  - a. Credentialing/Reappointments

### B. Administrative

#### 1. Chairman of Palomar Pomerado Health Foundation – *Al Stehly*

- a. Update on PPHF Activities      5      *Verbal Report*

#### 2. Chairman of the Board – *Bruce G. Krider, M.A.*      10      *Verbal Report*

- a. Board Self-Evaluation
- b. Board IT Capability

#### 3. President and CEO – *Michael H. Covert, FACHE*      10      *Verbal Report*

- a. Joint Commission Visit
- b. Budget Preparation
- c. VHA Award and Certificate of Recognition – California Assembly

## VIII. INFORMATION ITEMS      (*Discussion by exception only*)      65-69

- A. Physician Recruit Relocation - Dr. Albani      Finance

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



|                                          |                        |
|------------------------------------------|------------------------|
| B. Joint Committee Meetings of the Board | Finance                |
| C. Date/Time/Location of Next Meeting    | Facilities and Grounds |
| D. Project Updates                       | Facilities and Grounds |
| E. Education Session                     | Facilities and Grounds |

## IX. COMMITTEE REPORTS -

|                                                                                                                                                                        |    |              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|--------------|
| A. <b><u>Finance Committee</u></b> - <i>Director T. E. Kleiter, Chair</i>                                                                                              | 5  | <b>70-76</b> |
| * 1. <b>Approval: Resolution No. 05.12.08 (01) – 05 - Bank and Investment Accounts – Authorizing Closure of Bank Accounts as listed.</b>                               |    |              |
| * 2. <b>Approval: Resolution No. 05.12.08 (02) – 06 - Bank and Investment Accounts – Authorizing formalizing the Opening of the Two Investment Accounts As listed.</b> |    |              |
| * 3. <b>Approval: Special Session of the Board – August 12, 2008</b>                                                                                                   |    | <b>77</b>    |
| B. <b><u>Strategic Planning</u></b> – <i>Director Alan Larson, M.D, Chair</i>                                                                                          |    |              |
| * 1. <b>Approval: Weight Solutions Program</b>                                                                                                                         |    | <b>78-79</b> |
| C. <b><u>Other Committee Chair Comments on Committee Highlights</u></b><br><i>(standing item)</i>                                                                      | 10 | <b>80-82</b> |
| Human Resources – <i>Nancy L. Bassett, RN, MBA, Chair</i>                                                                                                              |    |              |
| Community Relations – <i>Linda Bailey, Chair</i>                                                                                                                       |    |              |
| Facilities and Grounds – <i>Marcelo Rivera, MD, Chair</i>                                                                                                              |    |              |
| Quality Review – <i>Marcelo Rivera, MD, Chair</i>                                                                                                                      |    |              |
| Strategic Planning – <i>Alan W. Larson, MD, Chair</i>                                                                                                                  |    |              |
| Audit and Compliance – <i>Linda Greer, RN, Chair</i>                                                                                                                   |    |              |
| Governance – <i>Linda Greer, RN, Chair</i>                                                                                                                             |    |              |
| Finance – <i>T. E. Kleiter, Chair</i>                                                                                                                                  |    |              |

## X. BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH

## XI. ADJOURNMENT

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

**Palomar Pomerado Health**  
**BOARD OF DIRECTORS**  
**REGULAR BOARD MEETING**  
Palomar Medical Center, Graybill Auditorium, Escondido  
Monday, April 14, 2008

| AGENDA ITEM                                                     | DISCUSSION                                                                                                                                                                                                                                                                                                                                                                                       | CONCLUSIONS/ACTION                                                                                                                                                                                                                                                          | FOLLOW-UP/RESPONSIBLE PARTY                        |
|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| <b>CALL TO ORDER</b>                                            | 6:30 pm<br>Quorum comprised Directors Bailey, Bassett, Greer, Kleiter, Krider, and Rivera.<br>Regrets from Director Larson.                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                             |                                                    |
| <b>OPENING CEREMONY</b>                                         | The Pledge of Allegiance was recited in unison.                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                             |                                                    |
| <b>MISSION AND VISION STATEMENTS</b>                            |                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                             |                                                    |
|                                                                 | The PPH mission and vision statements are as follows:<br><br><i>The mission of Palomar Pomerado Health is to heal, comfort and promote health in the communities we serve.</i><br><br><i>The vision of PPH is to be the health system of choice for patients, physicians and employees, recognized nationally for the highest quality of clinical care and access to comprehensive services.</i> |                                                                                                                                                                                                                                                                             |                                                    |
| <b>NOTICE OF MEETING</b>                                        | Notice of Meeting was mailed consistent with legal requirements                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                             |                                                    |
| <b>PUBLIC COMMENTS</b>                                          | None                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                             |                                                    |
| <b>APPROVAL OF MINUTES</b><br>• March 10, 2008                  |                                                                                                                                                                                                                                                                                                                                                                                                  | <b>MOTION:</b> by Bassett, 2 <sup>nd</sup> by Bailey and carried to approve the March 10, 2008 minutes as submitted.<br>All in favor. None opposed.                                                                                                                         |                                                    |
| <b>APPROVAL OF AGENDA to accept the Consent Items as listed</b> |                                                                                                                                                                                                                                                                                                                                                                                                  | <b>MOTION:</b> by Kleiter, 2 <sup>nd</sup> by Greer and carried to approve the Consent Items as submitted, <b>but with recommendation to remove under H. PPH Board Policies, item “FIN-O5”</b> recommending that item be forwarded to Governance for further determination. | <b>Board Policy FIN-O5 to Governance Committee</b> |

| AGENDA ITEM                                                       | DISCUSSION                                                                                                                                                                                                                                                                                    | CONCLUSIONS/ACTION                                                                                                                                                                                                                                                                                | FOLLOW-UP/RESPONSIBLE PARTY |
|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
|                                                                   |                                                                                                                                                                                                                                                                                               | All in favor. None opposed.                                                                                                                                                                                                                                                                       |                             |
| <b>PRESENTATION</b>                                               | <i>None</i>                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                   |                             |
| ▪                                                                 |                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                   |                             |
| <b>REPORTS</b>                                                    |                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                   |                             |
| <b>Medical Staff</b>                                              |                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                   |                             |
| <b>Palomar Medical Center</b>                                     |                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                   |                             |
| ▪ <b>Credentialing</b>                                            | John J. Lilley, MD., Chief of PMC Medical Staff, presented PMC's requests for approval of Credentialing Recommendations.                                                                                                                                                                      | <b>MOTION:</b> by Bassett, 2 <sup>nd</sup> by Bailey and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the PMC Medical Staff, as presented. All in favor. None opposed.<br><br>Director Greer abstained to avoid potential conflict of interest. |                             |
| ▪ <b>PPH Credentialing Process</b>                                | John J. Lilley, MD., Chief of PMC Medical Staff, in conjunction with Benjamin Kanter, M.D., Chief of Pomerado Medical Staff, presented modifications to the PPH Credentialing Process, with recommendation for approval by the Board of Directors. Brief discussion and clarification ensued. | <b>MOTION:</b> by Kleiter, 2 <sup>nd</sup> by Bailey and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the PMC Medical Staff, as presented. All in favor. None opposed.                                                                          |                             |
| <b>Pomerado Hospital</b>                                          |                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                   |                             |
| ▪ <b>Credentialing</b>                                            | Benjamin Kanter, MD., Chief of Pomerado Medical Staff, presented Pomerado Hospital's requests for approval of Credentialing Recommendations.                                                                                                                                                  | <b>MOTION:</b> by Kleiter, 2 <sup>nd</sup> by Bassett and carried to approve the Pomerado Hospital Medical Staff Executive Committee credentialing recommendations for the Pomerado Medical Staff, as presented. All in favor. None opposed.                                                      |                             |
| ▪ <b>Proposed Revisions to Anesthesia Rules &amp; Regulations</b> | Benjamin Kanter, MD., Chief of Pomerado Medical Staff, presented Pomerado Hospital's proposed revisions to Anesthesia Rules and Regulations.                                                                                                                                                  | <b>MOTION:</b> by Kleiter, 2 <sup>nd</sup> by Bailey and carried to approve Pomerado Hospital's proposed revisions to Anesthesia Rules and Regulations, as presented.<br><br>All in favor. None opposed.                                                                                          |                             |
| ▪ <b>Proposed Revisions to Pomerado Hospital Bylaws/Rules and</b> | Benjamin Kanter, MD., Chief of Pomerado Medical Staff, presented proposed revisions to Pomerado Hospital Bylaws/Rules and                                                                                                                                                                     | <b>MOTION:</b> by Krider, 2 <sup>nd</sup> by Bailey and carried to approve Pomerado Hospital's proposed revisions to                                                                                                                                                                              |                             |

| AGENDA ITEM                                                                                                                                  | DISCUSSION                                                                                                                                                                                                                                                                                                                                                                                       | CONCLUSIONS/ACTION                                                                                | FOLLOW-UP/RESPONSIBLE PARTY |
|----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|-----------------------------|
| <b>Regulations/Credentials Policy Manual</b>                                                                                                 | Regulations/Credentials Policy Manual. Following Board inquiry and clarification, and noting General Counsel's concurrence with recommendation made by counsel, motion was made.                                                                                                                                                                                                                 | Bylaws/rules and Regulations/Credentials Manual, as presented.<br><br>All in favor. None opposed. |                             |
| <b>Administrative</b>                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                   |                             |
| <b>Chairman - Palomar Pomerado Health Foundation</b>                                                                                         | Mr. Al Stehly                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                   |                             |
|                                                                                                                                              | Mr. Al Stehly reported on the Foundation's recent activities, noting that well over \$1 million had been raised for the month of March alone, which was more than the whole of the previous year.<br>In addition, tables are being sold for the Gala event in June, noting that invitations had not yet been sent. Numerous excellent prizes will be awarded to winners during the Gala evening. | Mr. Stehly was sincerely thanked for his efforts and leadership on the Foundation Board.          |                             |
| <b>Chairman of the Board - Palomar Pomerado Health</b>                                                                                       | Bruce G. Krider, MA                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                   |                             |
| <ul style="list-style-type: none"> <li><b>Presentation of 5 Year Employee Anniversary Award Pin to CEO</b></li> </ul>                        | Chairman Krider, on behalf of the Board of Directors, congratulated and presented Mr. Michael Covert, CEO, with a 5 Year Employee Anniversary Award Pin.                                                                                                                                                                                                                                         |                                                                                                   |                             |
| <ul style="list-style-type: none"> <li><b>Annual Board CEO Evaluation Meeting March 24, 2008</b></li> </ul>                                  | The Chairman referred to the use of an evaluation tool that comprised over seventy different questions as part of the CEO's annual evaluation process, noting that the Board was exceptionally pleased with Mr. Covert's performance as CEO.                                                                                                                                                     |                                                                                                   |                             |
| <ul style="list-style-type: none"> <li><b>Invitation to City of Escondido for guest on PPH Facilities &amp; Grounds Committee</b></li> </ul> | Mr. Krider relayed that following an invitation by PPH to the City of Escondido, Mr. Dick Daniels and a City representative would be attending Facilities and Grounds Committee so that good communication between the two entities continued as expansion work progressed.                                                                                                                      |                                                                                                   |                             |
| <ul style="list-style-type: none"> <li><b>Special Board Educational Session April 10 – Annual Nursing Report</b></li> </ul>                  | A special board educational meeting occurred April 10 at which Ms Lorie Shoemaker, Chief Nurse Executive and many others from the Magnet and Nursing team presented the                                                                                                                                                                                                                          |                                                                                                   |                             |

| AGENDA ITEM                                                                                                                                      | DISCUSSION                                                                                                                                                                                                                                                                                                                                                          | CONCLUSIONS/ACTION | FOLLOW-UP/RESPONSIBLE PARTY |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------------------|
|                                                                                                                                                  | Annual Nursing Report, with particular emphasis on what had been accomplished for the year and continuing preparations toward Magnet status. On behalf of the Board, Chairman Krider was proud of what the staff involved had accomplished.                                                                                                                         |                    |                             |
| <ul style="list-style-type: none"> <li>5<sup>th</sup> Annual Leadership Banquet April 11</li> </ul>                                              | Chairman Krider referred to the recent 5 <sup>th</sup> Annual Leadership Banquet held April 11, noting he had received much positive comment from the Board.                                                                                                                                                                                                        |                    |                             |
| <ul style="list-style-type: none"> <li>Annual Board Self-Evaluation Meeting April 21; and Special Board Educational Training April 22</li> </ul> | Reminder was made of the upcoming annual Board Self-Evaluation meeting to be held the evening of Monday, April 21, in addition to the board's special educational laptops training session with I/T and Education Departments, to be held the evening of Tuesday, April 22.                                                                                         |                    |                             |
| <b>President and CEO</b>                                                                                                                         | Michael H. Covert, FACHE                                                                                                                                                                                                                                                                                                                                            |                    |                             |
| <ul style="list-style-type: none"> <li>Welcome to David Tam, MD, CAO, Pomerado Hospital</li> </ul>                                               | Michael Covert welcomed Dr. David Tam to our team as Chief Administrative Officer at Pomerado Hospital.                                                                                                                                                                                                                                                             |                    |                             |
| <ul style="list-style-type: none"> <li>Award of Grant from Cardinal Health</li> </ul>                                                            | Ms Lorie Shoemaker, Chief Nurse Executive, had received a grant from Cardinal Health from over 900 applications that were reduced to 38. PPH received a grant of \$25,000 to assist in the establishment of a pilot project regarding medications distribution process and determination as to whether there should be a de-centralized, or centralized process.    |                    |                             |
| <ul style="list-style-type: none"> <li>Recognition of Bradley Wiscons, CAPE Examiner of the Year Award</li> </ul>                                | Mr. Covert congratulated Mr. Bradley Wiscons upon his receipt of CAPE Examiner of the Year Award and this was a great credit to him.                                                                                                                                                                                                                                |                    |                             |
| <ul style="list-style-type: none"> <li>2008 VHA Leadership Award for Clinical Excellence, May 4, Philadelphia</li> </ul>                         | The CEO relayed that PPH would receive national recognition in the form of a Clinical Award for Excellence from VHA at a meeting to be held in Philadelphia, May 4. This recognition was for work PPH had undertaken in acute myocardial infarction, noting that we are moving in the right direction in this area. Congratulations were extended to all concerned. |                    |                             |
| <ul style="list-style-type: none"> <li>Employee Campaign</li> </ul>                                                                              | The Employee Campaign Kick-off would                                                                                                                                                                                                                                                                                                                                |                    |                             |

| AGENDA ITEM                                                                                                                       | DISCUSSION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | CONCLUSIONS/ACTION | FOLLOW-UP/RESPONSIBLE PARTY |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------------------|
| <b>Kick-off April 19</b>                                                                                                          | commence Saturday, April 19 as part of our major Capital Fund-Raising Campaign. 120 or so of our staff members had been organizing this event, which would take place at the Poway SportsPlex. All were invited to attend, noting that L-T would be present during the program.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                    |                             |
| <ul style="list-style-type: none"> <li><b>Acknowledgement of Christine Meaney, Assistant to PPH Board of Directors</b></li> </ul> | Ms Meaney was congratulated upon her pending retirement, having been acknowledged by the Board Chairman at the recent Annual Leadership Banquet. A search was underway for her replacement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                    |                             |
| <ul style="list-style-type: none"> <li><b>Visit to Sacred Heart Hospital, Oregon</b></li> </ul>                                   | Mr. Covert referred to a recent successful and interesting visit to Sacred Heart Hospital, Oregon.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                    |                             |
| <ul style="list-style-type: none"> <li><b>Quarterly Reports from Executive Staff</b><br/>- Gerald Bracht</li> </ul>               | <p>Gerald Bracht, Chief Administrative Officer, Palomar Medical Center, provided a quarterly verbal report to the Board, noting that Marcia Jackson and others representing Rehab, Mental Health and Outreach had met in March with the leadership of Camp Pendleton to tour the hospital and discuss ways in which we may work more closely together.</p> <p><b>Customer Service</b>, including the process of keeping the medical staff informed of the status of issues/opportunities and sharing back with them the activities and status of their feedback.</p> <p>In addition, <b>Quality</b>, including improvements to patient safety around medication management proposed by Nursing and Pharmacy resulted in process restructuring. CARF, regarding accreditation of rehab facilities, had surveyed the Acute Rehab Unit, and all were awaiting visits from JCAHO, CMS. The Laboratory awaited a visit from the College of American Pathologists.</p> <p><b>Workplace/Workforce Development</b> encompassed attendance at the Pebble Conference in Eugene, Oregon, visiting the new Peace Health RiverBend Hospital, that merged hospitality with healthcare.</p> |                    |                             |

| AGENDA ITEM                                                         | DISCUSSION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | CONCLUSIONS/ACTION | FOLLOW-UP/RESPONSIBLE PARTY |
|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------------------|
|                                                                     | Radiation Oncology has enhanced its capabilities, and the Surgery Department held a public open house to demonstrate the DaVinci Robot. The Employee Lounge at PMC was open and available to all employees and volunteers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                    |                             |
| <ul style="list-style-type: none"> <li>- Steve Gold</li> </ul>      | Steve Gold presented an informative report on the Skilled Nursing Facilities at PCCC and Villa Pomerado, noting that he was now transitioning back into his own position, having been Interim Chief Administrative Officer at Pomerado Hospital.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                    |                             |
| <ul style="list-style-type: none"> <li>- David Tam, MD</li> </ul>   | <p>Dr. David Tam, Chief Administrative Officer, Pomerado Hospital, reported that March was one of the busiest on record at Pomerado, and March 10 was the busiest day. Press-Ganey scores were good, and Pomerado was awaiting the JCAHO survey.</p> <p>A new electronic medical record had been initiated, but as it was very busy, staff reverted back to the paper record. Update was also provided on Workforce Development noting there was a new Director of Facilities at Pomerado, Mr. Jonathan Hull. The Pomerado Helipad construction was almost complete.</p> <p>Dr. Tam was grateful to everyone at PPH, EMT and all staff who enabled him to make a smooth transition into his position. He thanked Steve Gold for all the work he had done in ensuring everything was kept well run during this interim period.</p> |                    |                             |
| <ul style="list-style-type: none"> <li>- Ms Sheila Brown</li> </ul> | <p>Ms Sheila Brown, Chief Clinical Outreach Officer, provided her quarterly report to the Board, noting that with regard to the two-day Outpatient Strategic Planning session April 14, a draft Outpatient Services Strategic Plan would be undertaken by the end of FY08, with FY09 Outpatient Services initiatives and direction beyond FY09 determined.</p> <p>Financials were 102% YTD.</p> <p>Workforce/Workplace Development noted that</p>                                                                                                                                                                                                                                                                                                                                                                                 |                    |                             |

| AGENDA ITEM                                                                                                                                                                                   | DISCUSSION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | CONCLUSIONS/ACTION                                                                                                                                                                                                                                           | FOLLOW-UP/RESPONSIBLE PARTY |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
|                                                                                                                                                                                               | <p>PPH ExpressCare awaited A DPH visit for Retail Health Centers.</p> <p>In addition, Stonish Pierce was recognized as an emerging leader in the healthcare industry and within ACHE.</p> <p>Regarding Quality, VAley Parking had been underway for six weeks at PMC.</p> <p>DPH Re-certification had been completed at Home Health, and findings were that all were in compliance to participate in the Medicare program.</p> <p>Acute Rehab had successfully completed its triennial CARF re-certification survey April 7 and 8, during which an in-depth analysis was conducted. Congratulations were conveyed to Jeff Alger and his team.</p> |                                                                                                                                                                                                                                                              |                             |
| <b>INFORMATION ITEMS</b>                                                                                                                                                                      | <i>Discussion by exception only</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                              |                             |
| ▪ <b>Human Resources</b>                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                              |                             |
| ▪ <b>Strategic Planning</b>                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                              |                             |
| ▪ <b>Audit and Compliance</b>                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                              |                             |
| ▪ <b>Governance</b>                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                              |                             |
| ▪ <b>Finance</b>                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                              |                             |
| <b>COMMITTEE REPORTS</b>                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                              |                             |
| <b>Governance</b>                                                                                                                                                                             | <i>Director Linda C. Greer, RN, Chair</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                              |                             |
| <ul style="list-style-type: none"> <li>• <b>Change of Name of Audit Committee to Audit and Compliance Committee</b></li> </ul>                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p><b>MOTION:</b> by Greer, 2<sup>nd</sup> by Bailey and carried that the change of name of the Audit Committee be made to <b>Audit and Compliance Committee.</b></p> <p>All in favor. None opposed.</p>                                                     |                             |
| <ul style="list-style-type: none"> <li>• <b>Amendment to Strategic Planning Committee Board Member Position Description</b> (to include “Monitoring New Initiatives and Programs”)</li> </ul> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p><b>MOTION:</b> by Greer, 2<sup>nd</sup> by Kleiter and carried that Strategic Planning Committee Board Member Position Description be changed to include the following: “Monitoring New Initiatives and Programs”.</p> <p>All in favor. None opposed.</p> |                             |



| AGENDA ITEM                                                                                                                                                                                                                                                                                                                  | DISCUSSION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | CONCLUSIONS/ACTION                                                                                                                                                                            | FOLLOW-UP/RESPONSIBLE PARTY |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| <ul style="list-style-type: none"> <li><b>Resolution No. 04.14.08 (01) – 03 Adoption of Revised PPH Bylaws</b></li> </ul>                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p><b>MOTION:</b> by Krider, 2<sup>nd</sup> by Kleiter and carried that Resolution No. 04.14.08 (01) – 03 Revised PPH Bylaws as submitted, be adopted.</p> <p>All in favor. None opposed.</p> |                             |
| <b>Finance</b>                                                                                                                                                                                                                                                                                                               | <i>T. E. Kleiter, Chair</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                               |                             |
| <ul style="list-style-type: none"> <li><b>Resolution No. 04.14.08 (02) – 04 Authorizing Utilization of the LAIF (Local Agency Investment Fund) in the State Treasury as a depository for the current authorized bond proceeds from the General Obligation Bonds, Election of 2004, Series 2007A GO Bond issue</b></li> </ul> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p><b>MOTION:</b> by Kleiter, 2<sup>nd</sup> by Krider and carried that Resolution No. 04.14.08 (02) – 04 Revised PPH Bylaws as submitted, be adopted.</p> <p>All in favor. None opposed.</p> |                             |
| <b>Other Committee Chair Comments on Committee Highlights</b> ( <i>standing item</i> )                                                                                                                                                                                                                                       | <p>Chairman Krider explained the reason for having “Other Committee Chair Comments”, noting that this allows everyone to more fully appreciate what is occurring within the various committees.</p> <p>Director Bassett, HR Committee Chair referred to the Bylaws and duties of the committee, referencing page 159 of the packet (#1 under Committee Questions) re: oversight of the process, or the actual performance reviews. Ms Lorie Shoemaker would be checking this out. In addition, turnover rates had improved.</p> <p>Director Bailey, Community Relations Chair, noted that Gustavo Friederichsen and Andy Hoang , were very involved in the Project 21 Program. Also, that Marcia Jackson and Marcia Bryant at the Foundation had discussions regarding a special hospitality program, together with great incentives for Foundation donors.</p> |                                                                                                                                                                                               |                             |

| <b>AGENDA ITEM</b>                                                                                                             | <b>DISCUSSION</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>CONCLUSIONS/ACTION</b> | <b>FOLLOW-UP/RESPONSIBLE PARTY</b> |
|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------------------|
|                                                                                                                                | <p>Dr. Rivera, Chair of Facilities and Grounds, commented upon Mr. Dick Daniels and City officials working well with PPH representatives in follow-up to the passage of Prop BB and the resultant new hospital construction, in addition to the expansion of Pomerado Hospital. He also commented on the Leadership Recognition Banquet and recognition of Mr. Matt McLaughlin.</p> <p>Director Greer, Chair of Audit and Compliance Committee, and Chair of Governance Committee, noting that a great deal of subject matter had been covered.</p> |                           |                                    |
| <b>BOARD MEMBER COMMENTS</b>                                                                                                   | Director Greer congratulated Mr. Al Stehly on the March Foundation proceeds and that this was an excellent start to the Capital Campaign, and anticipation of the upcoming Gala event.                                                                                                                                                                                                                                                                                                                                                              |                           |                                    |
| <b>ADJOURNMENT</b>                                                                                                             | <b>7:55 p.m.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                           |                                    |
| <b>SIGNATURES</b> <ul style="list-style-type: none"> <li>▪ <b>Board Secretary</b></li> <li>▪ <b>Board Assistant</b></li> </ul> | <hr/> <b>Linda Bailey</b> <hr/> <b>Christine D. Meaney</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                           |                                    |

**PALOMAR POMERADO HEALTH  
CONSOLIDATED DISBURSEMENTS  
FOR THE MONTH OF  
MARCH 2008**

|          |    |          |                           |                        |
|----------|----|----------|---------------------------|------------------------|
| 03/01/08 | TO | 03/31/08 | ACCOUNTS PAYABLE INVOICES | \$38,580,314.00        |
| 03/07/08 | TO | 03/21/08 | NET PAYROLL               | <u>\$10,157,382.00</u> |
|          |    |          |                           | \$48,737,696.00        |

I hereby state that this is an accurate and total listing of all accounts payable, patient refund and payroll fund disbursements by date and type since the last approval.

  
\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

*APPROVAL OF REVOLVING, PATIENT REFUND AND PAYROLL FUND DISBURSEMENTS:*

Treasurer, Board of Directors PPH \_\_\_\_\_

Secretary, Board of Directors PPH \_\_\_\_\_

This approved document is to be attached to the last revolving fund disbursement page of the applicable financial month for future audit review.

cc: M. Covert, G. Bracht, R. Hemker

## March 2008 & YTD FY2008 Financial Report

**TO:** Board of Directors

**MEETING DATE:** Monday, May 12, 2008

**FROM:** Board Finance Committee  
Tuesday, April 29, 2008

**BY:** Robert Hemker, CFO

**Background:** The Board Financial Reports (unaudited) for March 2008 and YTD FY2008 are submitted for the Board's approval.

**Budget Impact:** N/A

**Staff Recommendation:** Staff recommends approval.

**Committee Questions:**

**COMMITTEE RECOMMENDATION:** The Board Finance Committee recommends approval of the Board Financial Reports (unaudited) for March 2008 and YTD FY2008.

**Motion:** X

**Individual Action:**

**Information:**

**Required Time:**

## Auction Rate Securities

**TO:** Board of Directors  
**MEETING DATE:** Monday, May 12, 2008  
**FROM:** Board Finance Committee  
Tuesday, April 29, 2008  
**BY:** Bob Hemker, CFO

**Background:** In December 2006, PPH closed a Revenue Bond financing through the issuance of \$180 million of Auction Rate Securities (ARS) in 3 Series of \$60 million each. The ARS instrument was utilized in lieu of Fixed Rate Bonds based upon significant due diligence, establishment of a Board variable rate debt policy, tolerance for risk, safety of ARS instruments, significant debt service savings, and stability of the marketplace related to ARSs. This form of financing had been widely utilized by well respected healthcare entities

Until the week of February 11, 2008, the performance on the ARS weekly resets of PPH bonds was performing well - averaging 3.79%. However, the recent market turmoil related to ARSs, ratings of Bond Insurers, etc., has caused significant uncertainty in the ARS marketplace (approx. \$325 billion of issued debt). These market conditions and uncertainty have resulted in interest rate resets at significantly higher levels, including failed auctions in many cases. While PPH has not had any failed auctions, resets have ranged from 6.7% to 10% on each of the Series. As a result, we are evaluating options that include the use of Variable Rate Demand Obligations (VRDOs) and/or refunding to fixed rate bonds to mitigate the interest rate exposure while the future of ARS instruments is defined by the marketplace.

At the March Board Finance Committee meeting, the Bond Financing Team presented an in-depth assessment of then-current conditions, options available to PPH on a go-forward basis, and a recommended strategy. At that meeting, the Board Finance Committee recommended that the Bond Financing Team continue monitoring the situation and work on the development of possible exit strategies, with a report due to that body within thirty (30) days.

At the Board Finance Committee meeting, the Bond Financing Team discussed the options currently available to PPH.

**Budget Impact:** TBD based upon strategy utilized and market conditions at the time of executing the strategy.

**Staff Recommendation:** Staff recommends that Management be allowed to continue to monitor the situation with regard to the ARS market, moving forward with continued diligence and negotiations for a possible refinancing to Synthetic Fixed Rate Bonds with an underlying VRDO option, subject to bond insurer and bank participation; with the alternative refinancing options utilizing fixed rate insured bonds, fixed rate uninsured bonds, postponement of refinancing based upon ongoing market conditions.

### Committee Questions:

**COMMITTEE RECOMMENDATION:** The Board Finance Committee recommends that Management be allowed to continue to monitor the situation with regard to the ARS market, moving forward with continued diligence and negotiations for a possible refinancing to Synthetic Fixed Rate Bonds with an underlying VRDO option, subject to bond insurer and bank participation; with the alternative refinancing options utilizing fixed rate insured bonds, fixed rate uninsured bonds, postponement of refinancing based upon ongoing market conditions.

**Motion:** X

**Individual Action:**

**Information:**

**Required Time:**

## Physician Recruitment Agreement

**TO:** Board of Directors

**MEETING DATE:** Monday, May 12, 2008

**FROM:** Board Finance Committee  
Tuesday, April 29, 2008

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

**Background:** The PPH community lacks an adequate number of primary care physicians as verified by Medical Development Specialists, a national consulting firm that specializes in physician manpower studies. PPH has an established physician recruitment program and had allocated resources to attract additional Internal Medicine physicians to relocate to Inland North San Diego County. Carlos Franco, M.D. and Graybill Medical Group, Inc. have signed the PPH Physician Recruitment Agreement in order for Dr. Carlos Franco to join Graybill and establish a practice in their Escondido office. He intends to begin practicing in September or October 2008.

**Budget Impact:** None

**Staff Recommendation:** Approval of the Physician Recruitment Agreement with Dr. Carlos Franco and Graybill Medical Group and recommend approval by the full Board of Directors.

**Committee Questions:**

**COMMITTEE RECOMMENDATION:** The Board Finance Committee recommends approval of the Physician Recruitment Agreement with Carlos Franco, M.D., and Graybill Medical Group.

**Motion:** X

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

| Section Reference          | Term/Condition                         | Term/Condition Criteria                                                                                                                                                                                                                                                                                               |
|----------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                            | <b>TITLE</b>                           | Physician Recruitment Agreement—Internal Medicine                                                                                                                                                                                                                                                                     |
|                            | <b>AGREEMENT DATE</b>                  | February 28, 2008, Start date September 2008                                                                                                                                                                                                                                                                          |
|                            | <b>PARTIES</b>                         | 1) PPH<br>2) Carlos Franco, M.D.<br>3) Graybill Medical Group, Inc.                                                                                                                                                                                                                                                   |
| Recitals                   | <b>PURPOSE</b>                         | Provide recruitment assistance to enable Dr. Franco to establish a practice within Graybill Medical Group                                                                                                                                                                                                             |
| Article 4                  | <b>SCOPE OF SERVICES</b>               | Dr. Franco will establish a full-time Internal Medicine practice in Graybill's Escondido office and will participate in government-funded programs.                                                                                                                                                                   |
| 2.1; 2.2;<br>6.2; 6.4; 6.5 | <b>TERM</b>                            | 1 year of income assistance; two year repayment/forgiveness period                                                                                                                                                                                                                                                    |
| Recruitment procedure D.2  | <b>RENEWAL</b>                         | None available                                                                                                                                                                                                                                                                                                        |
| Article 8;<br>9.17         | <b>TERMINATION</b>                     | Contract stipulates conditions for termination                                                                                                                                                                                                                                                                        |
| Article 2                  | <b>COMPENSATION METHODOLOGY</b>        | For monthly income guarantee physician will submit monthly report of expenses and collections. For relocation and start-up cost assistance physician will submit receipts.                                                                                                                                            |
|                            | <b>BUDGETED</b>                        | X <b>YES</b> <input type="checkbox"/> <b>NO</b> – <b>IMPACT:</b> None                                                                                                                                                                                                                                                 |
| 5.1; 9.19                  | <b>EXCLUSIVITY</b>                     | X <b>NO</b> <input type="checkbox"/> <b>YES</b> – <b>EXPLAIN:</b> Government prohibits hospitals from requiring physician to exclusively have privileges or make referrals only to their hospital. The contract does include a non-compete clause.                                                                    |
|                            | <b>PHYSICIAN MANPOWER STUDY</b>        | Medical Development Specialists, a national consulting firm who performed our Physician Manpower Study, completed an analysis which confirmed there is a justifiable community need for this recruitment                                                                                                              |
|                            | <b>EXTERNAL FINANCIAL VERIFICATION</b> | X <b>YES</b> <input type="checkbox"/> <b>NO</b> <b>Methodology:</b> Medical Development Specialists (MDS) developed a pro forma for the practice to establish the contract value to cover income guarantee and cash flow needs. MDS also provided the market comparison to establish an appropriate income guarantee. |
|                            | <b>LEGAL COUNSEL REVIEW</b>            | X <b>Yes</b> <input type="checkbox"/> <b>No</b> No exceptions to the standard agreement. Legal Counsel has approved this contract.                                                                                                                                                                                    |
|                            | <b>APPROVALS REQUIRED</b>              | X CPO X General Counsel X CFO X CEO X BOD Finance Committee on April 29, 2008 X BOD                                                                                                                                                                                                                                   |

**PRACTICE RECRUITMENT AGREEMENT  
BETWEEN PALOMAR POMERADO HEALTH,  
GRAYBILL MEDICAL GROUP, INC.,  
AND  
CARLOS FRANCO, M.D.**

This is an Agreement dated February 28, 2008 (“**Agreement**”) between Palomar Pomerado Health, a California health district organized under Section 23 of the Health and Safety Code (“**PPH**”), Graybill Medical Group, Inc. (“**Group**”), and Carlos Franco, M.D. (“**Physician**”) (collectively the “**parties**”).

PPH owns and operates Palomar Medical Center, an acute-care hospital located in Escondido, California, and Pomerado Hospital, an acute-care hospital in Poway, California (collectively “**PPH**”). The service area of PPH includes, but is not limited to, north San Diego County and other surrounding communities (“**Service Area**”).

PPH has determined that a portion of its Service Area has substantial unmet medical needs, evidenced by a population that is rapidly expanding and that is in need of services in Physician’s medical specialty. PPH has further determined that under available benchmark criteria, the number of physicians in its Service Area practicing in Physician’s medical specialty is insufficient to serve current and potential patients in need of such services.

PPH’s Service Area has not proven sufficiently appealing on its own to attract and retain a suitable number of physicians in Physician’s specialty. The Board of Directors of PPH has determined that it is within PPH’s mission to recruit a physician in Physician’s specialty who is willing to locate a medical practice in PPH’s service area, join the medical staff of PPH and an appropriate physician group, provide a reasonable amount of charity care, and serve the medical needs of the community.

Group is a professional corporation comprised of licensed medical doctors who provide medical care in the Service Area. Group seeks to cooperate with PPH in recruiting a qualified physician to join Group and provide medical care in the Service Area.

Physician is a medical doctor specializing in Internal Medicine who has not previously practiced that specialty in the Service Area. Physician is willing to join Group and establish a medical practice in Escondido, California, on the terms and conditions set forth below, and PPH is willing to provide assistance to Physician and make certain advances to Group for the benefit of Physician to help establish such a practice:

Therefore, the parties agree as follows:



## Physician Recruitment Agreement

**TO:** Board of Directors

**MEETING DATE:** Monday, May 12, 2008

**FROM:** Board Finance Committee  
Tuesday, April 29, 2008

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

**Background:** The PPH community lacks an adequate number of primary care physicians as verified by Medical Development Specialists, a national consulting firm that specializes in physician manpower studies. PPH has an established physician recruitment program and had allocated resources to attract additional Family Practice physicians to relocate to Inland North San Diego County. Manuel Tanguma, III, M.D., and Graybill Medical Group, Inc. have signed the PPH Physician Recruitment Agreement in order for Dr. Tanguma to join Graybill and establish a practice in their San Marcos office. He intends to begin practicing in September or October 2008.

**Budget Impact:** None

**Staff Recommendation:** Approval of the Physician Recruitment Agreement with Dr. Tanguma and Graybill Medical Group and recommend approval by the full Board of Directors.

### Committee Questions:

**COMMITTEE RECOMMENDATION:** The Board Finance Committee recommends approval of the Physician Recruitment Agreement with Manuel Tanguma, III, M.D., and Graybill Medical Group.

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

| Section Reference          | Term/Condition                         | Term/Condition Criteria                                                                                                                                                                                                                                                                                               |
|----------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                            | <b>TITLE</b>                           | Physician Recruitment Agreement—Internal Medicine                                                                                                                                                                                                                                                                     |
|                            | <b>AGREEMENT DATE</b>                  | February 28, 2008, Start date September 2008                                                                                                                                                                                                                                                                          |
|                            | <b>PARTIES</b>                         | 1) PPH<br>2) Manuel Tanguma, III, M.D.<br>3) Graybill Medical Group, Inc.                                                                                                                                                                                                                                             |
| Recitals                   | <b>PURPOSE</b>                         | Provide recruitment assistance to enable Dr. Tanguma to establish a practice within Graybill Medical Group                                                                                                                                                                                                            |
| Article 4                  | <b>SCOPE OF SERVICES</b>               | Dr. Tanguma will establish a full-time Internal Medicine practice in Graybill's San Marcos office and will participate in government-funded programs.                                                                                                                                                                 |
| 2.1; 2.2;<br>6.2; 6.4; 6.5 | <b>TERM</b>                            | 1 year of income assistance; two year repayment/forgiveness period                                                                                                                                                                                                                                                    |
| Recruitment procedure D.2  | <b>RENEWAL</b>                         | None available                                                                                                                                                                                                                                                                                                        |
| Article 8;<br>9.17         | <b>TERMINATION</b>                     | Contract stipulates conditions for termination                                                                                                                                                                                                                                                                        |
| Article 2                  | <b>COMPENSATION METHODOLOGY</b>        | For monthly income guarantee physician will submit monthly report of expenses and collections. For relocation and start-up cost assistance physician will submit receipts.                                                                                                                                            |
|                            | <b>BUDGETED</b>                        | X <b>YES</b> <input type="checkbox"/> <b>NO</b> – <b>IMPACT:</b> None                                                                                                                                                                                                                                                 |
| 5.1; 9.19                  | <b>EXCLUSIVITY</b>                     | X <b>NO</b> <input type="checkbox"/> <b>YES</b> – <b>EXPLAIN:</b> Government prohibits hospitals from requiring physician to exclusively have privileges or make referrals only to their hospital. The contract does include a non-compete clause.                                                                    |
|                            | <b>PHYSICIAN MANPOWER STUDY</b>        | Medical Development Specialists, a national consulting firm who performed our Physician Manpower Study, completed an analysis which confirmed there is a justifiable community need for this recruitment                                                                                                              |
|                            | <b>EXTERNAL FINANCIAL VERIFICATION</b> | X <b>YES</b> <input type="checkbox"/> <b>NO</b> <b>Methodology:</b> Medical Development Specialists (MDS) developed a pro forma for the practice to establish the contract value to cover income guarantee and cash flow needs. MDS also provided the market comparison to establish an appropriate income guarantee. |
|                            | <b>LEGAL COUNSEL REVIEW</b>            | X <b>Yes</b> <input type="checkbox"/> <b>No</b> No exceptions to the standard agreement. Legal Counsel has approved this contract.                                                                                                                                                                                    |
|                            | <b>APPROVALS REQUIRED</b>              | X CPO X General Counsel X CFO X CEO X BOD Finance Committee on April 29, 2008 X BOD                                                                                                                                                                                                                                   |

**PRACTICE RECRUITMENT AGREEMENT  
BETWEEN PALOMAR POMERADO HEALTH,  
GRAYBILL MEDICAL GROUP, INC.,  
AND  
MANUEL TANGUMA III, M.D.**

This is an Agreement dated February 28, 2008 (“**Agreement**”) between Palomar Pomerado Health, a California health district organized under Section 23 of the Health and Safety Code (“**PPH**”), Graybill Medical Group, Inc. (“**Group**”), and Manuel Tanguma III, M.D. (“**Physician**”) (collectively the “**parties**”).

PPH owns and operates Palomar Medical Center, an acute-care hospital located in Escondido, California, and Pomerado Hospital, an acute-care hospital in Poway, California (collectively “**PPH**”). The service area of PPH includes, but is not limited to, north San Diego County and other surrounding communities (“**Service Area**”).

PPH has determined that a portion of its Service Area has substantial unmet medical needs, evidenced by a population that is rapidly expanding and that is in need of services in Physician’s medical specialty. PPH has further determined that under available benchmark criteria, the number of physicians in its Service Area practicing in Physician’s medical specialty is insufficient to serve current and potential patients in need of such services.

PPH’s Service Area has not proven sufficiently appealing on its own to attract and retain a suitable number of physicians in Physician’s specialty. The Board of Directors of PPH has determined that it is within PPH’s mission to recruit a physician in Physician’s specialty who is willing to locate a medical practice in PPH’s service area, join the medical staff of PPH and an appropriate physician group, provide a reasonable amount of charity care, and serve the medical needs of the community.

Group is a professional corporation comprised of licensed medical doctors who provide medical care in the Service Area. Group seeks to cooperate with PPH in recruiting a qualified physician to join Group and provide medical care in the Service Area.

Physician is a medical doctor specializing in Family Practice who has not previously practiced that specialty in the Service Area. Physician is willing to join Group and establish a medical practice in San Marcos, California, on the terms and conditions set forth below, and PPH is willing to provide assistance to Physician and make certain advances to Group for the benefit of Physician to help establish such a practice:

Therefore, the parties agree as follows:

## Independent Citizens' Oversight Committee

### Applications to Replace Pending Vacancies

**TO:** Board of Directors  
**MEETING DATE:** Monday, May 12, 2008  
**FROM:** Board Finance Committee  
Tuesday, April 29, 2008  
**BY:** Bob Hemker, CFO

**Background:** As reported at the February 26, 2008, meeting of the Board Finance Committee, there will be two vacancies on the Palomar Pomerado Health Hospital, Emergency Care, Trauma Center Improvement and Repair Measure Bonds Independent Citizens' Oversight Committee (ICOC), effective June 30, 2008. The vacancies will be created upon the expiration of the second and final terms of office of George Kung, M.D., and Kathy Leech-McKinney. As Dr. Kung also participates on the ICOC as the Required Member Nurse/Physician representative, it was recommended at that meeting that current member Marguerite Jackson Dill, PhD, RN, FAAN, be appointed to fill that seat upon Dr. Kung's departure.

At the March 10, 2008, meeting of the Board of Directors, the Board appointed Dr. Marguerite Jackson Dill as the Required Member Nurse/Physician representative, to be seated upon Dr. Kung's departure. The Board also authorized the posting of the two pending vacancies on the ICOC, both of which are now designated as "At Large" seats. Deadline for submission of applications was set for Friday, April 11, 2008. Applications received from qualified applicants were to be scheduled for review at the April 29, 2008, Board Finance Committee meeting.

Notice of the pending vacancies was posted pursuant to the PP&G of the ICOC—on Wednesday, March 12, 2008, on the District's web site and in the District's hospitals; and on Friday, March 14, 2008, in the local newspaper. Applications were made available on the District's web site and from the office of the District's Chief Financial Officer via his Executive Assistant, Tanya Howell, to whom they were also to be returned.

The Board Finance Committee has been delegated as the review and processing conduit by the Board. The attached applications and a proposed Selection Matrix were provided to the Board Finance Committee to aid in their evaluation.

**Budget Impact:** N/A

**Staff Recommendation:** It was recommended that the Selection Matrix be used to evaluate the applications. Consistent with previous methodology, it was recommended that the full Finance Committee evaluate all applicants (conducting phone and/or face-to-face interviews with the finalists as warranted) and recommend nominees to the Board to fill the two pending vacancies for At Large seats on the ICOC.

**Committee Questions:** The authority of the Board Finance Committee with regard to appointments to the ICOC was questioned. At the meeting, it was understood that appointment authority had been fully delegated by the Board. Further review of pertinent documentation after the meeting warrants the following clarification: The Chairs of the Board and the Board Finance Committee have been delegated full authority to appoint the Officers of the ICOC; however, the Board Finance Committee has been delegated only the authority to review and recommend to the Board nominations for appointment.

**COMMITTEE RECOMMENDATION:** The Board Finance Committee, having reviewed the applications and confirmed that both applicants were residents of the district, recommends that applicants **William C. Bonner** and **H. Scott Peck** be appointed to fill the two pending vacancies for At Large seats on the ICOC, said appointments to become effective at the expiration of the current members' terms on June 30, 2008.

**Motion:** X

**Individual Action:**

**Information:**

**Required Time:**

# Palomar Pomerado Health

## Measure BB Citizens' Oversight Committee - APPLICATION

(Please Print or Type)

Name: WILLIAM C BONNER

Work Phone: 858-618-1223

Address: 12767 CAMINO EMPERADO

Home Phone: 858-618-1223

SAN DIEGO CA 92128

FAX: 858-618-1203

E-Mail: WCBONNER@SAN.PH.COM

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

- ☒ Business Representative - Active in a business organization representing the business community.  
Organization: RANCHO BERNARDO BUSINESS ASSOCIATION - MEMBER
- ☒ Senior Citizens' Group Representative - Active in a senior citizens' organization.  
Organization: RANCHO BERNARDO SENIOR SERVICES - VOLUNTEER
- ☐ Taxpayers' Organization Representative - Active in a bona fide taxpayers' association.  
Organization: \_\_\_\_\_
- ☐ Nurse or Physician Representative - Trained as a nurse or physician.

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

I WAS AN ACTIVE VOLUNTEER FOR MEASURE BB, AND NOW STRONGLY DESIRE TO BE IN A POSITION TO APPLY MY EXPERIENCE TOWARD THE SUCCESSFUL FULFILLMENT OF THIS PROGRAM. I HAVE MORE THAN 40 YEARS OF SUCCESSFUL EXPERIENCE IN FACILITIES PROGRAM MANAGEMENT, INCLUDING HOSPITALS AND OTHER COMPLEX FACILITIES. NOW PARTIALLY RETIRED, I HAVE AMPLE TIME FOR THIS POSITION.

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

Signature: William C Bonner

Date: 17 MARCH 2008

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

Palomar Pomerado Health  
c/o Tanya Howell, Exec Asst to CFO  
15255 Innovation Drive  
San Diego, California 92128-3410  
Telephone: (858) 675-5140 Facsimile: (858) 675-5132  
Tanya.Howell@pph.org

DEADLINE FOR SUBMISSION OF APPLICATIONS IS FRIDAY, APRIL 11, 2008

**Palomar Pomerado Health**

**Measure BB Citizens' Oversight Committee - APPLICATION**

(Please Print or Type)

Name: H. Scott Peck

Work Phone: (760) 747-1040

Address: 12265 Escala Drive

Home Phone: (858) 675-0768

San Diego CA 92128

FAX #: (760) 747-1543

E-Mail: Scott@1040CPA.NET

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

- ☒ **Business Representative** - Active in a business organization representing the business community.  
Organization: Downtown Business Association - Escondido
- ☐ **Senior Citizens' Group Representative** - Active in a senior citizens' organization.  
Organization: \_\_\_\_\_
- ☐ **Taxpayers' Organization Representative** - Active in a bona fide taxpayers' association.  
Organization: \_\_\_\_\_
- ☐ **Nurse or Physician Representative** - Trained as a nurse or physician.

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

As a 37 year resident of North County as well as a downtown business owner, I am very eager to see the success of the hospital re-development. I am a CPA and have a great deal of experience in reading financial statements and could prove to be an asset in that area.

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

Signature: [Signature]

Date: 4/7/2008

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

Palomar Pomerado Health  
c/o Tanya Howell, Exec Asst to CFO  
15255 Innovation Drive  
San Diego, California 92128-3410  
Telephone: (858) 675-5140 Facsimile: (858) 675-5132  
Tanya.Howell@pph.org

**DEADLINE FOR SUBMISSION OF APPLICATIONS IS FRIDAY, APRIL 11, 2008**

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

**Applicant Name:** William C. Bonner

**Home Address:** 12767 Camino Emparrado  
 San Diego, CA 92128

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

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

**Constituency represented:**

☐ Business Representative ("BR")

☐ Senior Citizens' Group Representative ("SC")

☐ Taxpayers' Organization Representative ("TP")

☐ Nurse or Physician Representative ("NPR")

☒ At Large ("AL")

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

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

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

|                        |                     |  |  |
|------------------------|---------------------|--|--|
| <b>Applicant Name:</b> | H. Scott Peck       |  |  |
| <b>Home Address:</b>   | 12265 Escala Drive  |  |  |
|                        | San Diego, CA 92128 |  |  |

|                                                                  |                 |                                         |                             |
|------------------------------------------------------------------|-----------------|-----------------------------------------|-----------------------------|
| <b>Does the Applicant live within the District's Boundaries?</b> |                 | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>In which region of the District does the Applicant live?</b>  | Rancho Bernardo |                                         |                             |

|                                  |                                     |                                               |
|----------------------------------|-------------------------------------|-----------------------------------------------|
| <b>Constituency represented:</b> | <input type="checkbox"/>            | Business Representative ("BR")                |
|                                  | <input type="checkbox"/>            | Senior Citizens' Group Representative ("SC")  |
|                                  | <input type="checkbox"/>            | Taxpayers' Organization Representative ("TP") |
|                                  | <input type="checkbox"/>            | Nurse or Physician Representative ("NPR")     |
|                                  | <input checked="" type="checkbox"/> | At Large ("AL")                               |

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

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





**PALOMAR POMERADO HEALTH *expresscare*-Escondido  
MEDICAL DIRECTOR – Administrative Oversight/Quality Assurance**

**TO:** Board of Directors

**MEETING DATE:** Monday, May 12, 2008

**FROM:** Board Finance Committee  
Tuesday, April 29, 2008

**BY:** Sheila Brown, BSN, MBA, FACHE; Chief Clinical Outreach Officer  
Stonish Pierce, MHA; Manager, Clinical Outreach Services

**BACKGROUND:** PPH is the owner and operator of retail-based health centers known as PPH *expresscare* whereby Nurse Practitioners practice independently while working in collaboration with board certified physicians. As a norm in this emerging segment of the health care industry, physicians are typically available on an on-call basis during regular operating hours to respond to any questions or inquiries that Nurse Practitioners may have and/or when presenting patients should be referred to more appropriate levels of care. Physician oversight and program involvement is further recommended in the guidelines referenced by several medical professional societies (AAFP, AMA, AAP) to ensure evidence-based and quality improvement oriented medicine, to ensure that the scope of services remains limited, to ensure that a consistent referral process remains in place and a team-based approach with community physicians is emphasized to support continuity of care.

**BUDGET IMPACT:** \$2,000 monthly

**STAFF RECOMMENDATION:** At the Board Finance Committee meeting, staff recommended that PPH sign the *Retail Health Clinics Professional Services & Medical Director Agreement* with Alejandro Paz, M.D., to assist in quality assurance, ensure that physician supervision is available during normal operating hours to respond to Nurse Practitioner inquiries and ensure that a dedicated physician provides administrative oversight (i.e. review of patient records, regular clinic visits) on a continuous basis to Family Nurse Practitioners working in the system's *expresscare* health centers.

**COMMITTEE QUESTIONS:**

**COMMITTEE RECOMMENDATION:** The Board Finance Committee recommends approval of the three-year (**November 1, 2007 to October 31, 2010**) Retail Health Clinics Professional Services & Medical Director Agreement for PPH *expresscare*-Escondido with Alejandro Paz, M.D.

**Motion:** X

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

| Section Reference      | Term/Condition                  | Term/Condition Criteria                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Recitals               | <b>TITLE</b>                    | <i>Retail Health Clinics Professional Services and Medical Director Agreement</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Recitals               | <b>AGREEMENT DATE</b>           | November 1, 2007                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Recitals               | <b>PARTIES</b>                  | Palomar Pomerado Health dba PPH expresscare and Alejandro Paz, MD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Recitals A-F           | <b>PURPOSE</b>                  | PPH is the owner and operator of retail-based health centers known as PPH <i>expresscare</i> whereby Nurse Practitioners practice independently while working in collaboration with board certified physicians. As a norm in this emerging segment of the health care industry, physicians are typically available on an on-call basis during regular operating hours to respond to any questions or inquiries that Nurse Practitioners may have and/or when presenting patients should be referred to more appropriate levels of care. Physician oversight and program involvement is further recommended in the guidelines referenced by several medical professional societies (AAFP, AMA, AAP) to ensure evidence-based and quality improvement oriented medicine, to ensure that the scope of services remains limited, to ensure that a consistent referral process remains in place and a team-based approach with community physicians is emphasized to support continuity of care. |
| Recitals               | <b>SCOPE OF SERVICES</b>        | <p>PPH has retained the physician as an independent contractor to provide administrative medical oversight services to Nurse Practitioners, assist with clinical protocol development, conduct weekly patient record reviews, conduct regular clinic site visits and participate in the interviewing, training and ongoing continuing education of the program's Nurse Practitioners.</p> <p>PPH has also retained the physician as an independent contractor to provide certain administrative services, including consultation and medical director services required for the proper development and operation of the Program. PPH has determined that this arrangement will enhance the Program's organization, procedure standardization, economic efficiency, professional proficiency, and provide other benefits to enhance coordination and cooperation among the Program's providers and users.</p>                                                                                |
|                        | <b>PROCUREMENT METHOD</b>       | <input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 4.1                    | <b>TERM</b>                     | 3 years (November 1, 2007 – October 31, 2010)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                        | <b>RENEWAL</b>                  | Both parties will have the option to discuss renewal of this Agreement following the end of the initial term. Any failure by PPH to request an additional term or refusal by physician to accept an additional term shall not affect the parties' duties and obligations during the Initial Term of this Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 4.2-4.3                | <b>TERMINATION</b>              | Either party shall have the right to terminate this Agreement without cause upon not less than ninety (90) days prior written notice to the other party. This Agreement may be terminated pursuant to any of the following: Mutual Agreement, Material Breach, Termination with or without Cause and Special Termination. For detailed descriptions please refer to Section 4.2-4.3 of the Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Please see attachments | <b>COMPENSATION METHODOLOGY</b> | The compensation provided in this Agreement incorporates average salaries afforded to family physicians practicing in San Diego County, the                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

|     |                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     |                            | Western United States and the nation. Among the various sources that were utilized to determine the compensation for this program included a 2006 San Diego County Medical Society compensation survey, a Medical Group Management Association compensation report, Salary.com and a Fair Market Value Assessment of the Agreement by an independent human resources consulting firm.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|     | <b>BUDGETED</b>            | <input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO – IMPACT:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 1.9 | <b>EXCLUSIVITY</b>         | <input type="checkbox"/> <b>No</b> <input checked="" type="checkbox"/> <b>YES – EXPLAIN:</b><br>The parties recognize the need for physician to devote efforts to the Program development activities. In consideration of the provisions of and payment for services under this Agreement, Graybill Medical Group and its participating physicians shall not, for a period of one year immediately following termination or expiration of this agreement directly or indirectly own, manage, operate, participate in, consult with or work for any other retail clinic operator or in any way compete with PPH in the provision of retail-based health clinic services. PPH will provide medical group with first right of refusal for any retail clinic ventures for the geographic areas included in zip codes 92025-27, 92028, 92029, 92059, 92061, 92069, 92078, 92082. |
|     | <b>JUSTIFICATION</b>       | The Agreement hereby referenced for consideration for medical director involvement is necessary for continuous program oversight and quality improvement activities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|     | <b>AGREEMENT NOTICED</b>   | <input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>No</b> <b>Methodology &amp; Response:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|     | <b>ALTERNATIVES/IMPACT</b> | There are no alternatives for physician oversight of Nurse Practitioners working in retail-based centers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|     | <b>Duties</b>              | <input checked="" type="checkbox"/> <b>Provision for Staff Education</b><br><input checked="" type="checkbox"/> <b>Provision for Medical Staff Education</b><br><input checked="" type="checkbox"/> <b>Provision for participation in Quality Improvement</b><br><input checked="" type="checkbox"/> <b>Provision for participation in budget process development</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|     | <b>COMMENTS</b>            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|     | <b>APPROVALS REQUIRED</b>  | <input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Committee <u>Finance</u> <input checked="" type="checkbox"/> BOD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

**RETAIL HEALTH CLINICS**  
**PROFESSIONAL SERVICES AND MEDICAL DIRECTOR AGREEMENT**

This *Retail Health Clinics Professional Services and Medical Director Agreement* (“Agreement”) is made and entered into effective November 1, 2007 by and between **Palomar Pomerado Health**, a local health care district organized pursuant to Division 23 of California Health and Safety Code (“PPH”) and **Alejandro Paz, MD, MPH** (“Physician”).

**RECITALS**

A. PPH is the owner and operator of PPH *expresscare*-Escondido, a PPH outpatient clinic, located at 1509 East Valley Parkway, Escondido, California (“Clinic”).

B. Hospital wishes to develop and institute retail-based health clinics, to be known as *expresscare* Clinics (the “Program”) to provide routine, primary health care services to current patients, PPH employees, retail partner employees and other individuals seeking convenient, non-emergent healthcare services rendered by Nurse Practitioners.

C. Physician is qualified and licensed to practice medicine in the State of California, is experienced and qualified in the specialized field of Family Practice or Emergency Medicine, and is a member of the Medical Staff of Hospital (“Medical Staff”).

D. PPH will operate the Clinic as an outpatient department of the Hospital, pursuant to the (“Hospital Department”), and such Program shall consist of facilities licensed by PPH, equipment owned by PPH and staffed by PPH employees.

E. PPH desires to retain Physician as an independent contractor to provide medical oversight services to Nurse Practitioners, assist with clinical protocol development, conduct weekly patient record reviews and Clinic site visits through the Program (“Professional Services”) and participate in the interviewing, training and ongoing education to Nurse Practitioners.

F. PPH also desires to retain Physician as an independent contractor to provide certain administrative services (“Administrative Services”), including consultation and medical director services required for the proper development and operation of the Program. PPH has determined that this arrangement will enhance the Program’s organization, procedure standardization, economic efficiency, professional proficiency, and provide other benefits to enhance coordination and cooperation among the Program’s providers and users.

G. PPH and Physician acknowledge and agree that this Agreement shall supersede any and all agreements that have been entered into by the parties previously for the provision of services identified under this Agreement.

H. It is the intent of both PPH and Physician that the terms and conditions of this Agreement, and the manner in which services are to be performed hereunder, fulfill and comply with all applicable requirements of any applicable “safe harbor” or exception to

Stark I and II including, but not limited to, the applicable requirements set forth in regulations promulgated by the Department of Health and Human Services, Office of Inspector General, and the Ethics in Patient Referral Act.

## MEDICAL STAFF SERVICES

PALOMAR  
POMERADO  
HEALTH

April 30, 2008

TO: Board of Directors

BOARD MEETING DATE: May 12, 2008

FROM: John J. Lilley, M.D., Chief of Staff  
PMC Medical Staff Executive Committee

SUBJECT: Palomar Medical Center Medical Staff Credentialing Recommendations

- I. Provisional Appointment (05/12/2008 – 04/30/2010)  
Tyrone L. Hardy, M.D., Neurosurgery  
Amy M. Reese, M.D., Hematology/Oncology  
Joel J. Smith, M.D., Orthopaedic Surgery
- II. Advance from Provisional to Active Status  
Tyler L. Crawford, M.D., Diagnostic Radiology (05/12/2008 – 07/31/2009)  
Gary Gonsalves, M.D., Anesthesia (05/12/2008 – 03/31/2010)  
Serge C. Kaska, M.D., Orthopaedic Surgery (05/12/2008 – 11/30/2008)
- III. Advance from Provisional to Associate Status  
Eric M. Emont, M.D., Geriatric Medicine (05/12/2008 – 11/30/2009) (Includes PCCC)
- IV. Additional Privileges  
Donald S. Herip, M.D., Occupational Medicine
  - Basic Privileges in the Department of Family Practice Including Category I Pediatric PrivilegesThomas A. Jones, M.D., Urology
  - Da Vinci Surgical System
- V. Leave of Absence – Two Year  
Ketsela Gizatchew, M.D., Internal Medicine (01/01/2008 – 12/31/2009) (Includes PCCC)
- VI. Voluntary Resignations/Withdrawals  
Daniel S. Anderson, M.D., Gastroenterology (Effective 01/01/2008)  
Rodolfo R. Batarsee, M.D., Nephrology (Effective 05/01/2008)  
Regis F. Fallon, M.D., Orthopaedic Surgery (Effective 05/31/2008)  
Susan S. Lim, M.D., Pathology (Effective 03/31/2008)  
Jeffrey G. Luban, M.D., Anesthesiology (Effective 05/12/2008)  
Bach K. Nguyen, M.D., Family Practice (Effective 05/31/2008) (Includes PCCC)  
Russell P. Seda, M.D., Allergy (Effective 04/16/2008)  
Alicja S. Steiner, M.D., Pain Management (Effective 05/12/2008) (Includes PCCC)
- VII. Allied Health Professional Appointment (05/12/2008 – 04/30/2010)  
Doris L. Asombrado, N.P., Family Nurse Practitioner; Sponsors: Dr. Paz, Dr. Herip.  
Rupinderjit K. Jadav, N.P., Family Nurse Practitioner; Sponsors: Dr. Paz, Dr. Herip.  
Cristina L. Shoukry, N.P., Family Nurse Practitioner; Sponsors: Dr. Paz, Dr. Herip.  
Monica R. Sprague, N.P., Family Nurse Practitioner; Sponsors: Dr. Paz, Dr. Herip.

☒ PALOMAR MEDICAL  
CENTER  
555 East Valley Parkway  
Escondido, CA 92025  
Tel 760.739.3140  
Fax 760.739.2926

☐ POMERADO  
HOSPITAL  
15615 Pomerado Road  
Poway, CA 92064  
Tel 858.613.4664  
Fax 858.613.4217

☐ ESCONDIDO  
SURGERY CENTER  
343 East Grand Avenue  
Escondido, CA 92025  
Tel 760.480.6606  
Fax 760.480.1288

VIII. Allied Health Professional Additional Privileges

Tania M. Marek, N.P., Family Nurse Practitioner; Sponsor: Dr. Herip

- Corporate Health Nurse Practitioner Duties through Department of Medicine

Lisa C. Sheehan, N.P., Family Nurse Practitioner; Sponsors: Dr. Paz, Dr. Herip

- Expresscare Nurse Practitioner Duties through the Department of Family Practice.

IX. Reappointment Effective 06/01/2008 – 03/31/2010

|                     |              |                 |        |
|---------------------|--------------|-----------------|--------|
| Mark S. Stern, M.D. | Neurosurgery | Dept of Surgery | Active |
|---------------------|--------------|-----------------|--------|

Reappointments Effective 06/01/2008 – 05/31/2010

|                                                                            |                         |                            |            |
|----------------------------------------------------------------------------|-------------------------|----------------------------|------------|
| Alan J. Conrad, M.D.                                                       | Internal Medicine       | Dept of Medicine           | Courtesy   |
| Evan S. Gold, DMD, M.D.                                                    | Oral/Maxillofacial Surg | Dept of Surgery            | Associate  |
| Denise Y. Gomez, M.D.                                                      | Internal Medicine       | Dept of Medicine           | Active     |
| Shari R. Jacobs, M.D.                                                      | Pediatrics              | Dept of Pediatrics         | Active     |
| Michael A. Kosmo, M.D.                                                     | Hematology/Oncology     | Dept of Medicine           | Active     |
| Marshall J. Littman, M.D.                                                  | Pediatrics              | Dept of Pediatrics         | Courtesy   |
| Stefan Moldovan, M.D.                                                      | General Surgery         | Dept of Surgery            | Active     |
| Jaime B. Rivas, M.D.                                                       | Emergency Medicine      | Dept of Emergency Medicine | Active     |
| Mary L. Sanfelippo, M.D.<br>(Includes PCCC)                                | Nephrology              | Dept of Medicine           | Courtesy   |
| Kevin J. Schwartz, M.D.                                                    | Anesthesiology          | Dept of Anesthesia         | Active     |
| Yonina Tova, M.D.                                                          | Radiation Oncology      | Dept of Radiology          | Consulting |
| Jinnu A. Verma, M.D.<br>(Changed from Active to Associate) (Includes PCCC) | Internal Medicine       | Dept of Medicine           | Associate  |

X. Allied Health Professional Reappointment Effective 06/01/2008 – 05/31/2010

Charlotte H. Kutilek, CNM, Certified Nurse Midwife; Sponsors: Drs. Cerrone, Buringrud, Ghosh, Leon, Cizmar

Certification by and Recommendation of Chief of Staff:

As Chief of Staff of Palomar Medical Center, I certify that the procedures described in the Medical Staff Bylaws for appointment, reappointment or alteration of staff membership or the granting of privileges and that the policy of the Palomar Pomerado Health System's Board of Directors regarding such practices have been properly followed. I recommend that the action requested in each case be taken by the Board of Directors.



**PALOMAR POMERADO HEALTH SYSTEM  
PROVISIONAL APPOINTMENT  
May, 2008**

**PERSONAL INFORMATION**

|                                  |                                             |
|----------------------------------|---------------------------------------------|
| <i>Provider Name &amp; Title</i> | Tyrone L. Hardy, M.D.                       |
| <i>PPHS Facilities</i>           | Pomerado Hospital<br>Palomar Medical Center |

**SPECIALTIES/BOARD CERTIFICATION**

|                    |                                        |
|--------------------|----------------------------------------|
| <i>Specialties</i> | Surgery, Neurological – Certified 1980 |
|--------------------|----------------------------------------|

**ORGANIZATIONAL NAME**

|             |                                              |
|-------------|----------------------------------------------|
| <i>Name</i> | San Diego Neurological Disorders Specialists |
|-------------|----------------------------------------------|

**EDUCATION/AFFILIATION INFORMATION**

|                                        |                                                                                                                                                                                                                                                                                           |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Medical Education Information</i>   | Howard University, Washington, D.C.<br>From: 09/08/1967 To: 06/05/1971<br>Doctor of Medicine Degree                                                                                                                                                                                       |
| <i>Internship Information</i>          | Royal Victoria Hospital, McGill University, Montreal, Quebec<br>General Surgery<br>From: 07/01/1971 To: 06/30/1972                                                                                                                                                                        |
| <i>Residency Information</i>           | Royal Victoria Hospital, McGill University, Montreal, Quebec<br>General Surgery Resident II<br>From: 07/01/1972 To: 06/30/1973<br><br>Montreal Neurological Institute, McGill University, Montreal, Quebec<br>Surgery, Neurological<br>From: 07/01/1973 To: 06/30/1977<br>Chief Residency |
| <i>Fellowship Information</i>          | National Institutes of Health, Bethesda, MD<br>Surgical Neurology/Neuroscience Research<br>From: 07/01/1977 To: 06/30/1978                                                                                                                                                                |
| <i>Current Affiliation Information</i> | Sharp Memorial Hospital<br>Scripps Memorial Hospital, La Jolla<br>Sharp Grossmont Hospital<br>Alvarado Hospital and Medical Center                                                                                                                                                        |

**PALOMAR POMERADO HEALTH SYSTEM  
PROVISIONAL APPOINTMENT  
May, 2008**

**PERSONAL INFORMATION**

|                                  |                                             |
|----------------------------------|---------------------------------------------|
| <i>Provider Name &amp; Title</i> | Amy M. Reese, M.D.                          |
| <i>PPHS Facilities</i>           | Pomerado Hospital<br>Palomar Medical Center |

**SPECIALTIES/BOARD CERTIFICATION**

|                    |                                                                                                         |
|--------------------|---------------------------------------------------------------------------------------------------------|
| <i>Specialties</i> | Hematology – Certified 2005<br>Oncology, Medical – Certified 2004<br>Internal Medicine – Certified 1999 |
|--------------------|---------------------------------------------------------------------------------------------------------|

**ORGANIZATIONAL NAME**

|             |                       |
|-------------|-----------------------|
| <i>Name</i> | Southwest Cancer Care |
|-------------|-----------------------|

**EDUCATION/AFFILIATION INFORMATION**

|                                        |                                                                                                                                   |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| <i>Medical Education Information</i>   | Northeastern Ohio Universities College of Medicine, Rootstown, OH<br>From: 09/01/1988 To: 05/28/1994<br>Doctor of Medicine Degree |
| <i>Internship Information</i>          | Naval Medical Center, San Diego<br>Internal Medicine / Basic Medicine<br>From: 07/01/1994 To: 06/30/1995                          |
| <i>Residency Information</i>           | Naval Medical Center, San Diego<br>Internal Medicine<br>From: 06/20/1997 To: 06/19/1999                                           |
| <i>Fellowship Information</i>          | National Naval Medical Center, Bethesda, MD<br>Hematology/Oncology<br>From: 09/21/2001 To: 09/20/2004                             |
| <i>Current Affiliation Information</i> | Naval Medical Center, San Diego                                                                                                   |

**PALOMAR POMERADO HEALTH SYSTEM  
PROVISIONAL APPOINTMENT  
May, 2008**

**PERSONAL INFORMATION**

|                                  |                        |
|----------------------------------|------------------------|
| <i>Provider Name &amp; Title</i> | Joel J. Smith, M.D.    |
| <i>PPHS Facilities</i>           | Palomar Medical Center |

**SPECIALTIES/BOARD CERTIFICATION**

|                    |                                      |
|--------------------|--------------------------------------|
| <i>Specialties</i> | Orthopaedic Surgery – Certified 2002 |
|--------------------|--------------------------------------|

**ORGANIZATIONAL NAME**

|             |                                           |
|-------------|-------------------------------------------|
| <i>Name</i> | Orthopaedic Trauma & Fracture Specialists |
|-------------|-------------------------------------------|

**EDUCATION/AFFILIATION INFORMATION**

|                                        |                                                                                                                                                                                                                        |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Medical Education Information</i>   | University of Minnesota, Minneapolis, MN<br>From: 09/08/1987 To: 06/08/1991<br>Doctor of Medicine Degree                                                                                                               |
| <i>Internship Information</i>          | Dartmouth-Hitchcock Medical Center, Lebanon, NH<br>General Surgery<br>From: 06/26/1991 To: 06/25/1992                                                                                                                  |
| <i>Residency Information</i>           | University of Minnesota, Minneapolis, MN<br>Orthopaedic Surgery<br>From: 07/01/1993 To: 06/30/1997                                                                                                                     |
| <i>Fellowship Information</i>          | University of Minnesota, Minneapolis, MN<br>Biomechanics Laboratory Research<br>From: 07/01/1992 To: 06/30/1993<br><br>Ulleval University Hospital, Oslo, Norway<br>Sports Medicine<br>From: 08/15/1997 To: 06/25/1998 |
| <i>Current Affiliation Information</i> | Sharp Memorial Hospital<br>Sharp Grossmont Hospital<br>Regions Hospital, St. Paul, MN                                                                                                                                  |

**PALOMAR POMERADO HEALTH  
ALLIED HEALTH PROFESSIONAL  
APPOINTMENT  
MAY 2008**

|                       |                                                                                                                      |                   |
|-----------------------|----------------------------------------------------------------------------------------------------------------------|-------------------|
| <b>NAME:</b>          | <b>Doris L. Asombrado, F.N. P.</b>                                                                                   |                   |
| <b>SPECIALTY:</b>     | Family Nurse Practitioner                                                                                            |                   |
| <b>SERVICES:</b>      | Expresscare and Corporate Health Nurse Practitioner<br>for Palomar Pomerado Health                                   |                   |
| <b>TRAINING:</b>      | University of San Francisco, San Francisco, CA                                                                       | 9/01/84-05/20/88  |
|                       | Bachelor of Science in Nursing                                                                                       |                   |
|                       | Samuel Merritt College, Oakland, CA                                                                                  |                   |
|                       | Master of Science in Nursing including Nurse Practitioner                                                            | 9/06/95-07/31/97  |
| <b>PRACTICE:</b>      | ExpressCare Nurse Practitioner, Palomar Pomerado Health                                                              |                   |
|                       | Retail Outpatient Clinics, Escondido&Rancho Penasquitos,CA                                                           | 2/19/08-Present   |
|                       | Corporate Health Nurse Practitioner, Palomar Pomerado Health<br>Escondido and Poway, CA                              | 04/01/08-Present  |
|                       | Nurse Practitioner, Coast Medical Center, Inc., Encinitas, CA                                                        | 4/01/07-Present   |
|                       | Nurse Practitioner, Rejuv Medical Spa, Temecula, CA                                                                  | 10/03/06-Present  |
|                       | Nurse Practitioner, Menopause Clinics of America, La Jolla                                                           | 7/01/06-02/01/07  |
|                       | Nurse Practitioner, TriCare Outpatient Clinic-Sterling Medical and<br>PhyAmerican Government Services, San Diego, CA | 8/15/05-06/30/06  |
|                       | Registered Nurse, Cosmetic Laser Center of La Jolla, CA                                                              | 7/01/05-12/01/05  |
|                       | Nurse Practitioner, North County Medical Associates, Vista, CA                                                       | 01/01/05-08/01/05 |
|                       | Nurse Practitioner, North County Health Services, Oceanside, CA                                                      | 09/01/99-12/01/06 |
|                       | Nurse Practitioner, Vista Community Clinic, Vista, CA                                                                | 09/01/99-04/04/02 |
|                       | Nurse Practitioner, Nakhla&Gandolfi Medical Corporation, Walnut<br>Creek, CA                                         | 11/01/98-09/01/99 |
|                       | Nurse Practitioner, Alameda County Healthcare for the Homeless,<br>Oakland, CA                                       | 05/01/98-09/01/99 |
|                       | Nurse Practitioner, Kaiser Permanente, Pleasanton, CA                                                                | 11/03/97-1/12/99  |
| <b>SPONSORS:</b>      | Alejandro Paz, M.D., Donald Herip, M.D., Lawrence Koenig, M.D.                                                       |                   |
| <b>CERTIFICATION:</b> | American Nurses Credentialing Center                                                                                 | 2003              |
| <b>FACILITIES:</b>    | Palomar Medical Center and Pomerado Hospital                                                                         |                   |
|                       |                                                                                                                      |                   |
| <b>NAME:</b>          | <b>Rupinderjit K. Jadav, F.N. P.</b>                                                                                 |                   |
| <b>SPECIALTY:</b>     | Family Nurse Practitioner                                                                                            |                   |
| <b>SERVICES:</b>      | Expresscare Nurse Practitioner for Palomar Pomerado Health                                                           |                   |
| <b>TRAINING:</b>      | Loma Linda University, Loma Linda, CA                                                                                |                   |
|                       | Bachelor of Science in Nursing                                                                                       | 9/28/98-12/14/00  |
|                       | University of California, Los Angeles                                                                                |                   |
|                       | Master of Science in Nursing including Nurse Practitioner                                                            | 6/01/01-06/13/03  |
| <b>PRACTICE:</b>      | ExpressCare Nurse Practitioner, Palomar Pomerado Health                                                              |                   |
|                       | Retail Outpatient Clinics, Escondido&Rancho Penasquitos, CA                                                          | 2/26/08-Present   |
|                       | Nurse Practitioner, Minute Clinic, Oceanside/Carlsbad, CA                                                            | 10/27/07-Present  |
|                       | Nurse Practitioner, Vista Community Clinic, Vista, CA                                                                | 12/29/04-10/18/06 |
|                       | Nurse Practitioner, County of Riverside, Banning Family Care Center<br>And Lake Elsinore Family Care Center          | 09/03/03-12/28/04 |
|                       | RN/Intern Nurse Practitioner, Community Health Alliance of Pasadena                                                  | 9/01/03-01/31/04  |
|                       | Med/Surg R.N., Kaiser Permanente, Riverside and Fontana, CA                                                          | 8/14/00-11/21/04  |
| <b>SPONSORS:</b>      | Alejandro Paz, M.D., Donald Herip, M.D., Lawrence Koenig, M.D.                                                       |                   |
| <b>CERTIFICATION:</b> | American Nurses Credentialing Center                                                                                 | 2004              |
| <b>FACILITIES:</b>    | Palomar Medical Center and Pomerado Hospital                                                                         |                   |

**PALOMAR POMERADO HEALTH  
ALLIED HEALTH PROFESSIONAL  
APPOINTMENT  
MAY 2008 (continued)**

|                       |                                                                         |                   |
|-----------------------|-------------------------------------------------------------------------|-------------------|
| <b>NAME:</b>          | <b>Cristina L. Shoukry, F.N.P.</b>                                      |                   |
| <b>SPECIALTY:</b>     | Family Nurse Practitioner                                               |                   |
| <b>SERVICES:</b>      | Expresscare Nurse Practitioner for Palomar Pomerado Health              |                   |
| <b>TRAINING:</b>      | California Hospital School of Nursing, Los Angeles, CA                  |                   |
|                       | Diploma in Nursing                                                      | 06/01/81-06/15/84 |
|                       | University of San Diego, San Diego, CA                                  |                   |
|                       | Bachelor of Science in Nursing                                          | 9/08/97-05/30/99  |
|                       | University of San Diego, San Diego, CA                                  |                   |
|                       | Master of Science in Nursing including Family Nurse Practitioner        | 9/07/99-01/31/01  |
| <b>PRACTICE:</b>      | ExpressCare Nurse Practitioner, Palomar Pomerado Health                 |                   |
|                       | Retail Outpatient Clinics, Escondido&Rancho Penasquitos,CA              | 2008-Present      |
|                       | Diabetes Care Manager, R.N., Palomar Pomerado Health, Escondido,CA      | 02/01/06-present  |
|                       | Family Nurse Practitioner, San Diego Family Care, Mid-City              |                   |
|                       | Community Clinic, San Diego, CA                                         | 8/01/03-Present   |
|                       | Family Nurse Practitioner, Michael Markopoulos, M.D., San Diego,CA      | 7/01/02-01/31/03  |
|                       | Family Nurse Practitioner, Santa Fe Health Center, Arturo Leon, M.D.    |                   |
|                       | San Diego, CA                                                           | 4/01/01-04/30/02  |
|                       | Clinical R.N., Tri-City Medical Center, Vista, CA                       | 08/01/90-08/01/05 |
| <b>SPONSORS:</b>      | Alejandro Paz, M.D., Donald Herip, M.D., Lawrence Koenig, M.D.          |                   |
| <b>CERTIFICATION:</b> | American Nurses Credentialing Center                                    | 2007              |
| <b>FACILITIES:</b>    | Palomar Medical Center                                                  |                   |
| <br>                  |                                                                         |                   |
| <b>NAME:</b>          | <b>Monica R. Sprague, F.N. P.</b>                                       |                   |
| <b>SPECIALTY:</b>     | Family Nurse Practitioner                                               |                   |
| <b>SERVICES:</b>      | Expresscare and Corporate Health Nurse Practitioner for                 |                   |
|                       | Palomar Pomerado Health                                                 |                   |
| <b>TRAINING:</b>      | San Diego State University, San Diego, CA                               |                   |
|                       | Bachelor of Science in Nursing                                          | 1/01/87-08/23/91  |
|                       | California State University, Dominguez Hills                            |                   |
|                       | Master of Science in Nursing including Nurse Practitioner               | 8/26/96-12/31/97  |
| <b>PRACTICE:</b>      | ExpressCare Nurse Practitioner, Palomar Pomerado Health                 |                   |
|                       | Retail Outpatient Clinics, Escondido&Rancho Penasquitos,CA              | 1/21/08-Present   |
|                       | Corporate Health Nurse Practitioner, Palomar Pomerado Health            |                   |
|                       | Escondido and Poway, CA                                                 | 04/01/08-Present  |
|                       | Nurse Practitioner, Minute Clinic, Minneapolis, MN                      | 12/17/07-Present  |
|                       | Nurse Practitioner/Sr. Director of Medical Services, Planned Parenthood |                   |
|                       | Of San Diego, CA                                                        | 6/21/06-01/18/08  |
|                       | Instructor FNP program, SDSU/Cal State University, Dominguez Hills      | 01/05/98-07/31/03 |
|                       | Nurse Practitioner, Point Loma Medical Group/The Call Doctor            |                   |
|                       | Medical Group, San Diego, CA                                            | 01/01/96-12/31/05 |
|                       | Nurse Practitioner, Hemet Valley Medical Center/Esc Community           |                   |
|                       | Clinic                                                                  | 1996-1997         |
| <b>SPONSORS:</b>      | Alejandro Paz, M.D., Donald Herip, M.D., Lawrence Koenig, M.D.          |                   |
| <b>CERTIFICATION:</b> | American Nurses Credentialing Center                                    | 2008              |
| <b>FACILITIES:</b>    | Palomar Medical Center and Pomerado Hospital                            |                   |

## MEDICAL STAFF SERVICES

PALOMAR  
POMERADO  
HEALTH

April 30, 2008

TO: Board of Directors

BOARD MEETING DATE: May 12, 2008

FROM: John J. Lilley, M.D., Chief of Staff  
PMC Medical Staff Executive Committee

SUBJECT: Department of OB/GYN Rules and Regulations

At the April 28, 2008 Executive Committee meeting for Palomar Medical Center, modifications were recommended to the Department of OB/GYN Rules and Regulations. Additions are underlined.

### Rationale

The Department of OB/GYN is recommending modification of the monitoring requirements for Provisional Members.

### Modifications

#### MONITORING POLICY

#### **Provisional (Category) Member's Responsibility**

It is the responsibility of the Provisional Member and other members seeking additional privileges

- a. to arrange for an Active (category) Member (with privileges equal to or greater than the privileges held by the Provisional Member) to monitor his cases. All monitors shall be deemed members of the department's peer review committee for purposes of performing their duties as monitors. Further, in the event a provisional member has made reasonable efforts to arrange for a qualified monitor, but has been unable to do so as a result of circumstances beyond his control, the Department Chairman may appoint a specific monitor. For subspecialists (e.g. Gynecologic Oncology) who may have difficulty in finding a monitor with equivalent privileges, the Department chairman may permit monitoring by another member of the Department who does not maintain equivalent privileges if it is determined that the monitor is still able to evaluate the indications for surgery and the technical ability of the surgeon being monitored.
- b. to arrange such monitoring in advance so as to have the least impact on the schedule of the monitoring physician except in the case of an emergency.
- c. to inform the scheduling operating room personnel or the labor and delivery personnel of monitoring arrangements.
- d. to discuss in advance with the monitor the proposed procedure and its indications.
- e. to ensure monitoring reports are submitted to the Medical Staff Services Office by the monitor.

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CENTER  
555 East Valley Parkway  
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Tel 760.739.3140  
Fax 760.739.2926

☐ POMERADO  
HOSPITAL  
15615 Pomerado Road  
Poway, CA 92064  
Tel 858.613.4664  
Fax 858.613.4217

☐ ESCONDIDO  
SURGERY CENTER  
343 East Grand Avenue  
Escondido, CA 92025  
Tel 760.480.6606  
Fax 760.480.1288

**Restrictions**

A Provisional Member's associates may monitor only 50% of the cases unless an exception has been made by the Department Chairman and so documented. When applicants are monitored, not more than one-half of the procedures performed by the applicant shall be evaluated by any one monitor, and the remainder shall be evaluated by at least two other monitors. In cases where there are insufficient numbers of qualified monitors to comply with this rule, the Chairman of the Department may permit an exception. Provisional members who have completed their monitoring may act as monitors. The Department Chairman will permit cases to go forward without a proctor if attempts have been made to obtain one. These cases should then be reviewed retrospectively and count towards fulfilling the monitoring requirement. At least 50% of the monitoring will be conducted in the traditional concurrent fashion.

**Number of Cases to be Monitored**

No less than five (5) operating room cases of varying complexity and representative of scope of practice and/or no less than five (5) obstetrical cases of varying complexity.

**Location of Monitoring**

Cases may be monitored at either Palomar Medical Center, Escondido Surgery Center or Pomerado Hospital as long as the monitor is an Active category member of the Palomar Medical Center Medical Staff. Monitoring from facilities outside PPH where the applicant is an active member will be accepted, but shall not constitute more than 50% of the total monitored cases.

**Advancement to Active**

Monitoring forms must be submitted and reviewed by the Department of OB/GYN for at least five (5) operating room cases of varying complexity and representative of scope of specialty and/or at least five (5) obstetrical cases of varying complexity prior to advancement from Provisional to Active.

## MEDICAL STAFF SERVICES

PALOMAR  
POMERADO  
HEALTH

April 30, 2008

TO: Board of Directors

BOARD MEETING DATE: May 12, 2008

FROM: John J. Lilley, M.D., Chief of Staff  
PMC Medical Staff Executive Committee

SUBJECT: Department of Surgery Rules and Regulations

At the April 28, 2008 Executive Committee meeting for Palomar Medical Center, the attached modifications to the Department of Surgery Rules and Regulations were approved for forwarding to the Board of Directors with a recommendation for approval. Recommendations for additional wording are underlined.

### Rationale

*The Department of Surgery is adding a subsection for Wound Care and Hyperbaric Oxygen Therapy as the privileging for physicians practicing at the San Marcos Wound Care Center is being addressed through the Department of Surgery.*

Attachment

☒ PALOMAR MEDICAL  
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☐ ESCONDIDO  
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Escondido, CA 92025  
Tel 760.480.6606  
Fax 760.480.1288



**PALOMAR MEDICAL CENTER**

**DEPARTMENT OF SURGERY  
RULES AND REGULATIONS**

**Adopted by the Active members of the Department of Surgery on  
April 8, 2008**

**Adopted by the Executive Committee on  
April 28, 2008**

**Adopted by the Board of Directors on**  
\_\_\_\_\_

PALOMAR MEDICAL CENTER  
DEPARTMENT OF SURGERY  
RULES AND REGULATIONS - Page 2 of 21

ARTICLE I  
PURPOSE

The purpose of the Department of Surgery shall be:

1. to enhance the likelihood that all patients admitted to the Hospital or treated in the outpatient department receive the best possible surgical services.
2. to provide a Chairman who will be responsible to the problems of a medical/administrative nature involving the Medical Staff and the Hospital administration.
3. to initiate and maintain rules and regulations for proper and efficient functioning of the Department of Surgery.
4. to promote and maintain an educational standard through a representative selected by the Chairman to serve on the Education/Library Committee.
5. to provide a representative to the Operating Room Committee who will be selected by the Chairman.

ARTICLE II  
MEMBERSHIP

**2.1 Qualifications**

Qualifications for membership within the Department of Surgery (as a practitioner's primary department) include those requirements specified in the Medical Staff bylaws, Rules and Regulations. All practitioners who apply for membership shall be board certified or shall be actively engaged in the board application and certification process as outlined in Section 3.2.2 of the Medical Staff bylaws, and shall also be subject to approval by the Executive Committee and Board of Directors.

Membership within the Department of Surgery for family/general physicians is limited to a non-primary department status or non-member status with privileges.

1. Board certification or equivalent shall be required for most primary surgical privileges, as specified in the Department's privileges criteria.
2. ~~Physicians who wish to practice Wound Care or Hyperbaric Oxygen Therapy at the San Marcos Wound Care Center must be Board Certified in a recognized Medical or Surgical specialty or actively engaged in the certification process as outlined in Section 3.2.2 of the Medical Staff Bylaws.~~

**2.2 Responsibilities**

The responsibilities of membership shall constitute:

1. participation in department business, subsections and committees, and duties assigned by the Chairman in accordance with the Medical Staff bylaws, rules and regulations and Department rules and regulations.

PALOMAR MEDICAL CENTER  
DEPARTMENT OF SURGERY  
RULES AND REGULATIONS - Page 3 of 21

**2.2 Responsibilities - continued**

2. attendance at a minimum of fifty percent (50%) of the Department meetings and twenty-five percent (25%) of the subsection meetings.  
  
Non-compliance with the attendance requirement for both the Department and subsection meetings is subject to the sanctions outlined in the Medical Staff bylaws, rules and regulations.
3. provision of emergency consultation in accordance with the Medical Staff bylaws, rules and regulations and in accordance with the Department policy entitled "Department of Surgery Emergency Department Consultation".
4. compliance with the ethical code specified in the Medical Staff bylaws, rules and regulations.
5. compliance with the Medical Staff bylaws, rules and regulations, Department of Surgery rules and regulations, Department of Surgery policies, the Operating Room protocol, and applicable Hospital policies and procedures.

**ARTICLE III  
PRIVILEGES**

**3.1 Application**

- 3.1.1 Each applicant, member or non-member, must complete forms designating the procedures he desires to perform. Upon receipt of these forms and forwarding of an application declared complete by the Credentials Committee of the Medical Staff, the Department Chairman will review same and may meet with the applicant.
- 3.1.2 A non-member with privileges must abide by the Department rules and regulations and policies. He shall have no vote in Department proceedings and no obligation to participate in Department affairs, except that the Chairman may require attendance at a specific meeting if a non-member's privileges or cases are under review, or for the purpose of continuing medical education.
- 3.1.3 Provisional review and biennial reappointment will be in accordance with the Medical Staff bylaws, rules and regulations.
- 3.1.4 Additional privileges may be requested at any time by submitting a written request accompanied by qualifying documentation. Any additional privileges recommended for approval may be subject to monitoring.

PALOMAR MEDICAL CENTER  
DEPARTMENT OF SURGERY  
RULES AND REGULATIONS - Page 4 of 21

**3.2 Criteria**

- a. The requirements for all surgical privileges will be documented and demonstratable skill, experience and education relative to the pre-operative evaluation, technical performance and post-operative care inherent in the procedures requested.
- b. Surgical privileges will include diagnosis and non-surgical treatment of disease, symptoms and organ systems usually encompassed by the physician's particular surgical specialty and consistent with his operating privileges.
- c. Applicants shall submit in addition to 3.1.1, records, transcripts and operative reports of procedures performed during the previous two years.
- d. If a vendor requires training specific to a new device or technique, physicians holding privileges which might utilize the new device or technique should submit documentation of completion of recommended training prior to utilization of the device or technique.

**3.3 Monitoring**

Each applicant shall undergo a uniform monitoring process conducted by active members holding privileges equal to or greater than those requested within the Department of Surgery. The Department's monitoring requirements are set forth in a policy entitled "Department of Surgery Monitoring Requirements".

ARTICLE IV  
ORGANIZATION

**4.1 Officers**

Officers of the Department of Surgery will be the Chairman and the Chairman-elect who shall serve in their capacities for a two (2) year period. The Chairman and Chairman-Elect shall be board certified or board admissible either by the American Board of Surgery or a recognized subspecialty board. The Chairman-elect will assume the duties and have the authority of the Chairman in the Chairman's absence. The Chairman-elect will serve as a member of the Medical Staff Quality Management Committee. The Chairman-elect will be responsible for all Department of Surgery Mortality Reviews. Both the Chairman and the Chairman-elect shall fulfill the duties as outlined in the Medical Staff bylaws, rules and regulations.

**4.2 Subsections**

4.2.1 Subsections (subspecialties) with five (5) or more Active Members are encouraged to meet monthly with other subsections meeting at least as often as necessary to accomplish timely chart review.

4.2.2 The subsections are charged with:

- a. selecting an individual who shall function as the subsection chairman.
- b. performing quality assessment review according to the department policy entitled "Department of Surgery Quality Assessment Review"; and

PALOMAR MEDICAL CENTER  
DEPARTMENT OF SURGERY  
RULES AND REGULATIONS - Page 5 of 21

**4.2 Subsections - continued**

- c. providing input of a medical/administrative nature involving the Medical Staff and the Hospital administration.

**4.3 Surgery Advisory Committee**

**4.3.1 Composition**

The Surgery Advisory committee will be composed of the Chairman, the Chairman-Elect, Immediate past Chairman, and each of the subsection Representatives. The Chairman shall be the Chairman of the Surgery Advisory Committee.

**4.3.2 Duties shall include but not be limited to:**

- a. receiving reports from the subsections in order to evaluate, recommend or take action as needed.
- b. receiving recommendations and directives from the Executive Committee of the Medical Staff in order to disseminate same to Members with surgical privileges; and
- c. formulating operational concepts for presentation to members of the Department and dissemination of same to non-members.

**4.3.3 Meetings**

The Surgery Advisory Committee will meet at least monthly. Resulting recommendations will either be forwarded to the Department of Surgery or to the Executive Committee, whichever is applicable.

**4.4 Surgery Privileges**

The Department Chairman is responsible for:

- a. reviewing, investigating and making recommendations concerning the qualifications of applicants for surgical privileges to include examination of evidence of character, professional competence, qualifications, and ethical standing of the applicant;
- b. performing provisional reviews and a biennial review in accordance with the Medical Staff bylaws, rules and regulations of the surgical privileges of each member and non-member with respect to his physical, intellectual and professional performance. Biennial review will include consideration of the member's activity in relation to an established minimum number of cases for maintaining privileges. Consequences for failure to meet this minimum number is addressed in the Department of Surgery Policy "Surgery Privileges";

PALOMAR MEDICAL CENTER  
DEPARTMENT OF SURGERY  
RULES AND REGULATIONS - Page 6 of 21

4.4 **Surgery Privileges - Continue**

- c. evaluating a physician's ability to resume surgical privileges following major illness;
- d. overseeing monitoring; and
- e. discussing quality assessment mechanisms to ensure that consistency occurs within the Department.

Any of the above may be discussed by the Surgery Advisory Committee at the discretion of the Department Chairman.

**ARTICLE VI  
AMENDMENTS**

A motion for amendment of these rules and regulations or amendments to policies may be introduced during Department of Surgery meetings.

Adoption of rules and regulations shall require a two-third (2/3) vote of the Active members present after distribution of the proposed changes 30 days prior to a scheduled department meeting. Amendments to the rules and regulations shall become effective after approval by the Executive Committee and the Board of Directors.

Adoption of policy amendments to Department of Surgery policies shall require a simple majority of Active Members present at a Department meeting at which a Quorum (as defined in Bylaws Section 15.4) is present. Amendments to Department of Surgery policies shall become effective after approval by the Department and Executive Committee; provided, however, that the Board may review a policy at its discretion and may exercise its right to approve or disapprove any policy in the same manner as a departmental rule and regulation.

PALOMAR MEDICAL CENTER  
DEPARTMENT OF SURGERY  
RULES AND REGULATIONS - Page 7 of 21

**MONITORING POLICY**

**Provisional (Category) Member's Responsibility**

It is the responsibility of the Provisional Member

- a. to arrange for an Active (category) Member (with privileges equal to or greater than the privileges held by the Provisional Member) to monitor his cases.
- b. to arrange such monitoring in advance as to have the least impact on the schedule of the monitoring physician except in the case of an emergency.
- c. to inform the scheduling operating room personnel of monitoring arrangements.
- d. to discuss in advance with the monitor the proposed procedure and its indications.
- e. to ensure monitoring reports are submitted to the Medical Staff Services office by the monitor.

**Restrictions**

A Provisional Member's associate(s) may only monitor 50% of the cases unless an exception has been made by the Surgery Advisory Committee and so documented. When applicants are monitored, not more than one-half of the operative work done by the applicant shall be evaluated by any one monitor, and the remainder shall be evaluated by at least two other monitors. In the event of insufficient (less than two (2)) Active staff members to fulfill monitoring requirements in any particular specialty, Courtesy staff members holding Active privileges for at least three (3) years at another San Diego County hospital who have completed his/her monitoring at that other facility may monitor Provisional staff members. The Chairman of the Department may permit an exception on a case-by-case basis.

**Monitoring Concurrent with Emergency Room Call**

Surgeons who have completed the application process and have been granted Provisional status or Temporary Privileges pending Board approval will be permitted to undergo monitoring concurrent with the provision of Emergency Room call if they are currently privileged at another hospital. Monitoring will be provided by active members of the Department with the expectation that the member needing monitoring will provide the monitor with appropriate notice whenever possible and will not unreasonably impact the monitor's office and surgery schedule. In those cases where a monitor is not available, the physician should contact the Chairman of the Department for assistance. If the Chairman permits the case to proceed without a monitor, the case will be monitored retrospectively. The retrospective monitoring will be assigned to an active member of the specialty in alphabetical rotation order. No more than four (4) cases may be monitored retrospectively.

**Number of Cases to be Monitored**

No less than eight (8) operating room cases of varying complexity and representative of scope of practice (with the exception of the Otolaryngology Subsection).

**Location of Monitoring**

For cases other than ophthalmology cases, four (4) of the cases may be monitored at either the Escondido Surgery Center, the Pomerado Outpatient Surgery Center or Pomerado Hospital if the monitor is an Active category member of the Palomar Medical Center Medical Staff.

PALOMAR MEDICAL CENTER  
DEPARTMENT OF SURGERY  
RULES AND REGULATIONS - Page 8 of 21

**MONITORING POLICY**  
(continued)

**Cardio-thoracic Surgery**

Six (6) of the eight (8) required cases must be open heart cases for those physicians performing primary open heart cases.

**General Surgery**

If laparoscopic privileges are sought, one (1) of the eight (8) monitored cases must be a therapeutic laparoscopy.

**Ophthalmology**

All eight (8) cases for ophthalmology may be monitored at either Escondido Surgery Center, Pomerado Outpatient Surgery Center or Pomerado Hospital if the monitor is an member of the medical staff at Palomar Medical Center and holds either Active, Courtesy or Associate privileges and has completed his/her monitoring.

**Otolaryngology Surgery**

The Otolaryngology Surgery Subsection will require no less than four (4) operating room cases of varying complexity and representative of scope of practice.

**Urology**

One (1) of the eight (8) cases must be a Lithotripsy - ESWL and one (1) must be urethrosopic procedure.

**Wound Care/Hyperbaric Oxygen Therapy**

Monitoring requirements for physicians practicing in the specialty of Chronic Wound Care or Hyperbaric Oxygen Therapy are specified in the privileging criteria for Chronic Wound Care and Hyperbaric Oxygen Therapy.

**Advancement to Active**

Monitoring forms must be submitted and reviewed by the Surgery Privileges Committee on at least eight (8) operating room cases of varying complexity and representative of scope of specialty prior to advancement from Provisional to Active. Exceptions may be made on an individual basis if monitoring is not completed within a two (2) year period (example: a Dentist with very few admissions who is not an active category member of another hospital).

Monitoring as defined on the privileging criteria must be completed for all physicians practicing in the specialty of Chronic Wound Care or Hyperbaric Oxygen Therapy.

**Advancement to Courtesy**

Advancement may be made at the end of a two (2) year provisional period without completion of the monitoring requirement for at least eight (8) operating room cases of varying complexity and representative of the scope of specialty. Advancement to a Courtesy category does not negate the need to complete monitoring.



PALOMAR MEDICAL CENTER  
DEPARTMENT OF SURGERY  
RULES AND REGULATIONS - Page 9 of 21

**MONITORING POLICY**  
(continued)

**Responsibility of the Monitor**

It is the responsibility of the monitor

- a. to discuss in advance with the Provisional Member the evaluation and pre-operative workup which led the Provisional Member to the diagnosis and planned therapy.

The monitor may, at his discretion and with prior consultation with the provisional Member and permission of the patient, examine the patient. The monitor shall not write in the patient's chart.

- b. to be present in the operating room for the major portion of the surgical procedure.

The monitor may act as an assistant surgeon at the Provisional Member's request, understanding that medicolegal ramifications could result from such an arrangement.

- c. to follow the post-operative evaluation to include post-operative chart review.
- d. to provide his service gratis unless he acts as an assistant.
- e. to share conclusions, recommendations or suggestions with the Provisional Member if he so desires and, if shared, make a note about same on the monitoring form itself.

In the event that a monitor determines that the commencement or continuance of surgery poses a significant threat to the health or safety of the patient, the monitor is authorized to delay, postpone or terminate surgery, and is authorized and requested to take such action as good medical practice warrants in these circumstances. The monitor shall thereafter notify the department chairman and/or chief of staff, or, in their absence, any member of the Executive Committee of these circumstance, and the Executive Committee shall thereupon take appropriate action.

**Status of Monitor**

Persons serving as monitors shall be deemed appointed by the Chairman of the Surgery Privileges Committee as members of the Committee while serving as monitors.

**Responsibility of the Scheduling Operating Room Personnel**

The scheduling operating room personnel have the authority to postpone scheduling of a case if the Provisional Member does not advise them of monitoring arrangements. (Exception: emergency cases which should be cleared with the Department Chairman if possible)

**MONITORING POLICY**  
(continued)

**Monitoring Form**

Monitoring forms may be obtained either from the Medical Staff Services office or within the operating room itself. Once the form is completed, it should be submitted to the Medical Staff Services office.

**Review of Monitoring Forms**

Once the Provisional member's file contains all ~~eight (8)~~ required forms, the Medical Staff Services personnel will forward the Provisional member's file to the Department Chairman for review.

**Additional Monitoring**

It is the prerogative of the Department Chairman to request additional monitoring if it is felt warranted or to declare the monitoring requirement fulfilled. The Provisional Member will be advised of the decision.

**Access to Monitoring Forms**

The Provisional member does not have access to monitoring forms unless the content of same has been shared with him by the monitor. Exception: A recommendation for disciplinary action may result in disclosure.

**Surgery Assist**

Those individuals who are granted "assist only" privileges do not have a monitoring requirement.

**Additional Privileges**

Requests for additional privileges may result in a monitoring requirement following the procedural steps of this policy.

**Emergency Department Consultation Rotation**

Surgeons who have completed the application process and have been granted Provisional status or Temporary Privileges pending Board approval will be permitted to undergo monitoring concurrent with the provision of Emergency Room call if they are currently privileged at another hospital. Monitoring will be provided by active members of the Department with the expectation that the member needing monitoring will provide the monitor with appropriate notice whenever possible and will not unreasonably impact the monitor's office and surgery schedule. In those cases where a monitor is not available, the physician should contact the Chairman of the Department for assistance. If the Chairman permits the case to proceed without a monitor, the case will be monitored retrospectively. The retrospective monitoring will be assigned to an active member of the specialty in alphabetical rotation order. No more than four (4) cases may be monitored retrospectively.

**Temporary Privileges**

An applicant practicing under temporary privileges while awaiting provisional appointment is subject to this policy.

PALOMAR MEDICAL CENTER  
DEPARTMENT OF SURGERY  
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**EMERGENCY DEPARTMENT CONSULTATION POLICY**

**Temporary Privileges**

Surgeons who have completed the application process and have been granted Provisional status or Temporary Privileges pending Board approval will be permitted to undergo monitoring concurrent with the provision of Emergency Room call if they are currently privileged at another hospital. Monitoring will be provided by active members of the Department with the expectation that the member needing monitoring will provide the monitor with appropriate notice whenever possible and will not unreasonably impact the monitor's office and surgery schedule. In those cases where a monitor is not available, the physician should contact the Chairman of the Department for assistance. If the Chairman permits the case to proceed without a monitor, the case will be monitored retrospectively. The retrospective monitoring will be assigned to an active member of the specialty in alphabetical rotation order. No more than four (4) cases may be monitored retrospectively.

**Provisional**

A Provisional (category) Member is required to provide emergency department consultation.

Surgeons who have completed the application process and have been granted Provisional status or Temporary Privileges pending Board approval will be permitted to undergo monitoring concurrent with the provision of Emergency Room call if they are currently privileged at another hospital. Monitoring will be provided by active members of the Department with the expectation that the member needing monitoring will provide the monitor with appropriate notice whenever possible and will not unreasonably impact the monitor's office and surgery schedule. In those cases where a monitor is not available, the physician should contact the Chairman of the Department for assistance. If the Chairman permits the case to proceed without a monitor, the case will be monitored retrospectively. The retrospective monitoring will be assigned to an active member of the specialty in alphabetical rotation order. No more than four (4) cases may be monitored retrospectively.

**Active**

An Active (category) Member is required to provide emergency department consultation unless he has arranged for appropriate coverage and obtained the approval of his subsection. The remaining members of the Member's subsection must be willing to increase their emergency department consultation responsibility. Exceptions need to be documented, submitted to and approved by the Surgery Advisory Committee. The Department Chairman may approve an exception pending Committee approval.

**Courtesy**

A Courtesy (category) member is not required to provide emergency department consultation unless there is an insufficient number of Provisional and Active members to provide adequate coverage at which time the Department Chairman may require a Courtesy member to serve. A Courtesy Member may volunteer to serve.

**Consulting**

A Consulting (category) Member is not required to provide emergency department consultation.

**Associate**

An Associate (category) Member is not required to provide emergency department consultation

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**EMERGENCY DEPARTMENT CONSULTATION POLICY**  
(continued)

**Age 60**

Any Member age 60 or older is not required to provide emergency department consultation. The Member may continue to volunteer.

**Trauma**

Involvement in the provision of care for the trauma program is voluntary.

## **SURGERY PRIVILEGES**

### **Responsibility of the Credentials Committee of the Medical Staff**

To interview the applicant and to determine if the application is complete and that there are no reasons why this individual should not be considered for membership and privileges at Palomar Medical Center.

### **Request for Privileges**

To determine documented and demonstrable skill, experience and education relative to the pre-operative evaluation, technical performance and postoperative care inherent in the procedures requested. Performance of the specified minimum number, either at Palomar Medical Center or another health facility in which peer review is performed, shall be a condition of unrestricted renewal of the privileges. In the event the procedures have been performed at another facility, the practitioner may be required to provide copies of medical record documentation of the procedures. In the event the practitioner has not performed the required minimum number of procedures, the privileges in question may only be renewed subject to monitoring for a specified number of cases as deemed necessary to verify current competence.

### **Resources**

- a.     **Education/Training**  
Application process includes submission of a questionnaire to the director of the internship and residency. This questionnaire includes the question, "did the applicant's training include those procedures being requested". A copy of the applicant's checklist is included.
- b.     **Reference Letters**
- c.     **Operative Reports**  
If submitted operative reports are not felt to be of sufficient number to reflect training to be a primary surgeon, another letter may be directed to the training program specifically asking for training details.
- d.     **Malpractice Coverage Limitations**
- e.     **Criteria**  
(as developed for specific procedures: i.e. open heart, laparoscopic cholecystectomy, etc.)
- f.     **List of Procedures/Equipment Requiring Certification**
- g.     **Department of Surgery policy entitled "Department of Surgery Monitoring Policy".**
- h.     **Department of Surgery policy entitled "Department of Surgery Attendance Policy".**

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**DEPARTMENT MEETINGS**

In accordance with the rules and regulations of the Department of Surgery, 50% of the Department meetings and 25% of the subsection meetings (with the exception of General Surgery Subsection which has a 50% requirement) must be attended during a Medical Staff Year (January through December ). Subsections with five (5) or more Active Members should meet monthly with the other subspecialties meeting as often as necessary to accomplish timely chart review.

**Sanctions**

Non-compliance with the 50% attendance requirement of the Department of Surgery as well non-compliance with the 25% attendance requirement for subsection meetings (with the exception of the General Surgery Subsection which has a 50% attendance requirement) is subject to the sanctions outlined in the Medical Staff bylaws, rules and regulations: failure to satisfy meeting requirements for one (1) year shall, at a minimum, double the amount of dues required from the Member of the next medical staff year. If the Member fails to satisfy attendance requirements a second time within three (3) years of the first violation, the Member's dues shall be tripled; if he fails to satisfy attendance requirements a third time within the following three (3) years the Member's dues shall quadruple; and each subsequent violation within a three (3) year period of the most recent violation shall result in a similar increase in the amount charged following such violation.

**Department of Surgery**

Department of Surgery meetings are held during the months of January, February, March, April, May, June, August, September, October, and November.

**General Surgery Subsection**

The General Surgery Subsection meetings are held every month.

**Urology Subsection**

The Urology Subsection meeting are held quarterly.

**Ophthalmology Subsection**

The Ophthalmology Subsection meetings are held quarterly.

**Neurosurgery Subsection**

The Neurosurgery Subsection meetings are held eight times per year.

**Cardio-thoracic Subsection**

The Cardio-thoracic Subsection meetings are held as often as necessary to accomplish timely chart review.

**Plastic Surgery Subsection**

The Plastic Surgery Subsection meetings are held as often as necessary to accomplish timely chart review.

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**DEPARTMENT MEETINGS**  
(continued)

**Dental/Oral Surgery Subsection**

The Dental/Oral Surgery Subsection meetings are held as often as necessary to accomplish timely chart review.

**Otorhinolaryngology Subsection**

The Otorhinolaryngology Subsection meetings are held as often as necessary to accomplish timely chart review.

**Wound Care/Hyperbaric Oxygen Therapy Subsection**

The Wound Care/Hyperbaric Oxygen Therapy Subsection meetings are held on a quarterly basis. The Medical Director of the Wound Care Center will serve as the Chair of the Subsection. This subsection is comprised of individuals who practice at the Center for Wound Care and Hyperbaric Medicine San Marcos Satellite site.

**Advancement to Active**

Compliance with the attendance requirement is necessary for advancement of a Provisional (category) Member to an Active (category) Member.

**Advancement to Courtesy**

Compliance with the attendance requirement is not necessary for advancement of a Provisional (category) Member to a Courtesy (category) member. Non-attendance during the provisional period may, however, affect a later request from a Courtesy Member to become an Active Member.

**Subsections**

The Department of Surgery opted to create subsections in order to facilitate privileging and peer review. The subsections are:

General Surgery  
Urology  
Ophthalmology  
Neurosurgery  
Cardio-thoracic  
Plastic  
Dental/Oral Surgery  
Otorhinolaryngology  
Wound Care/Hyperbaric Oxygen Therapy

**Meetings**

Those subsections with five (5) or more Active Members should meet monthly with the other subspecialties meeting as needed.

**Responsibilities**

To conduct quality assessment reviews and to select an individual who shall function as the subsection chairman.

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**Reporting Structure**

Minutes will be maintained with identified action items being forwarded to the Surgery Advisory Committee, who may or may not forward same to the entire Department.



### **PERFORMANCE IMPROVEMENT REVIEW POLICY**

Performance Improvement review will be performed primarily by the Department of Surgery subsections. This does not negate review by the Surgery Advisory Committee or the Department as a whole.

#### **Purpose**

To fulfill the Department of Surgery's responsibility to participate in medical care peer review and performance improvement.

#### **Identification**

Charts needing review are identified via the Quality Resource Management Department and Clinical Information Services. The method of selection is based on CIS required functions approved indicators, (i.e. transfusions), and referrals from other departments/committees/subsections.

Another method of identification is through quality referrals (notification of specific incidents) relating to management of patient care physician behavior or perhaps risk management concerns. As appropriate a physician participates in a sentinel event or case specific multidisciplinary review.

#### **Review**

- a. The Quality Resource Management Department generates a Performance Improvement worksheet and places same on the chart to be reviewed. This form reflects the reason for the review and allows space for physician reviewer's comments. The performance improvement worksheet does not become a permanent part of the chart
- b. Ideally, charts are reviewed prior to a scheduled subsection meeting date. All of the cases (depending on volume) may be discussed at the meeting.
- c. A summary of the review is then generated from which individual physician performance is monitored/tracked. Individual performance is reviewed at the end of a provisional period, at reassessment/reappointment, or upon request by the Department Chairman.

#### **Guidelines**

- a. The primary surgeon cannot review his own chart.
- b. A chart is not to be discussed or reviewed at a meeting unless the surgeon is present. **However**, a chart will only be tabled once. If the surgeon is not present at the next meeting a review will be undertaken and the surgeon advised of the results. The surgeon will have the right to respond within thirty (30) days. If a chart is not reviewed within a four (4) month timeframe the chart will automatically be sent to Surgery Advisory Committee for review with or without the physician in attendance. Note: The Joint Spine Committee is comprised of physicians from Neurosurgery and the Department of Orthopaedics. Those charts whose members are in the Department of Orthopaedics will be forwarded to the Department of Orthopaedics for review.
- c. Trends and behavioral issues are to be referred to Chairman of the Department of Surgery for review, action and possible referral to the Medical Staff.

#### **Reporting Mechanism**

Departmental performance improvement reports including case review, focus studies and required functions, are submitted to the Quality Management Committee quarterly and summarized annually per the attached scheduled agenda.

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**ALLIED HEALTH PROFESSIONALS**

The Department of Surgery will accept Allied Health Professionals but the prerogatives and scope of services authorized for each practitioner shall be approved on an individual basis. Each Allied Health Professional accepted by the Department of Surgery must be sponsored by a physician who is a member of the Department of Surgery.

**Education and Training**

Minimum requirements for education and training are noted in the Hospital Bylaws, Rules and Regulations.

**Requirements**

1. The authorized scope of services for each Allied Health Professional shall be determined by the Chairman of the Department of Surgery and in any event shall not exceed the Allied Health Professional's training, experience, scope of licensure and demonstrated competence.
2. Allied Health Professionals shall not be eligible to admit patients to the Hospital, nor shall they be eligible for appointment to the Medical Staff. The authorization of Allied Health Professionals to render care at Palomar Medical Center may, at any time and *with reasonable cause*, be terminated by the Chairman of the Department of Surgery, the Chief of Staff, or the Board of Directors.
3. Allied Health Professionals shall carry out their services under the supervision of the sponsoring member of the Department of Surgery and are subject to departmental policies and procedures.
4. Allied Health Professionals must maintain all applicable licenses, certificates, or such other legal credentials, if any, as from time to time may be required by authority of the State of California or another appropriate body.
5. Allied Health Professionals must maintain the same liability coverage, as required for Medical Staff membership, and shall be responsible for participating in continuing education programs as are required by their respective licensing authorities or the societies with which they are affiliated.
6. Allied Health Professionals shall undergo a bi-annual reappointment process.
7. Allied Health Professionals must be attached to a physician or group.
8. Allied Health Professionals will not do consults.
9. All entries in the Medical Record by the Allied Health Professional must be countersigned, dated and timed by the sponsoring physician within 24 hours.
10. The authorized Scope of Practice of the Allied Health Professional must be approved annually by the Interdisciplinary Practice Committee.
11. The Allied Health Professionals will not be able to request sub-specialty consultations without the authorization of the supervising physician.
12. Allied Health Professionals will not independently practice at Palomar Medical Center.
13. Allied Health Professionals must be supervised by the sponsoring physician at the level determined by the Chairman of the Department during the credentialing process.
14. Allied Health Professionals shall not independently diagnose, treat, or manage diseases encountered, but rather utilize their advanced physical assessment and disease management knowledge and skills in conjunction with approved practice guidelines and their sponsoring physician.
15. Performance of any functions by the Allied Health Professional, such as performance and dictation of an admission history and physical, does not eliminate any Medical Staff Bylaws requirements for the sponsoring physician.
16. The Surgical Nurse Practitioner Permit List, Surgery Assist Checklist and Delineation of Duties for Department of Surgery Physician Assistants provide authority for the Allied Health Practitioners to provide patient assessment and care under defined practice guidelines.

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**Medical Staff Policy  
Conflict Resolution**

The Department of Surgery encourages resolution of interpersonal conflicts, differences of opinion, etc. at the time of occurrence. If a situation cannot be resolved in accordance with policies governing conflict situations, then any physician or Hospital employee may direct a request for review.

**Purpose** To allow nursing/physician (interpersonal/behavioral) conflicts to be resolved with understanding and tact and without inappropriate utilization of the quality assessment system.

1. If an employee or physician is in disagreement or has a question/concern with a physician or employee and the patient is in no immediate crisis, the employee or physician should approach the physician/employee to discuss the situation. (The discussion is best accomplished away from the bedside and out of hearing distance of visitors.)
2. If the situation is resolved at this point, and there is no untoward incident with the patient, the situation is considered closed.
3. If the patient's care is still in question, the employee/physician will discuss the issue with the immediate supervisor.
4. The supervisor will review the situation, indicate it closed, or will discuss it with the employee/physician.
5. If the supervisor is unable to resolve the conflict with the employee/physician, the supervisor should contact the Chairman of the member's department and/or the Chief of Staff. The Vice President for Medical Affairs or appropriate Medical Director will be contacted to assist in facilitating a resolution if resolution is not prompt.
6. Formal documentation and trending of employee incidents and their resolutions shall be initiated by the employee's supervisor and/or appropriate Assistant Administrator. The hospital wide quality assessment system may be utilized as appropriate. Significant trends of behavior aberrancies will be managed per existing hospital personnel procedures.

Formal documentation and trending of physician incidents and their resolutions shall be initiated by the Chairman of the member's department or the Chief of Staff. The quality assessment system of the Medical Staff, including the peer review process, may be utilized as appropriate. Significant trends of behavioral aberrancies will be managed per existing mechanisms of the Medical Staff.

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**Change in Patient Condition and Physician Not Available**

**Purpose:** To establish a chain of command to be followed if a physician is not available and the patient's medical care necessitates physician intervention in a timely manner.

1. If a patient's condition changes or is changing so as to be evident that physician intervention is a necessity, the nurse will make a concerted, timely effort to reach the physician.
2. If the physician is not available or does not respond in a "reasonable" time, the nurse will notify the nursing unit director. (Reasonable time will be defined by the circumstances).
3. The supervisor will attempt to notify the physician. If not successful, the following chain of command will be implemented:  
Chairman of the Department in which the physician is a member.  
Chief of Staff if the chairman is not available.
4. A written quality assessment report will be initiated.
5. If patient's condition warrants, the Emergency Medicine physician may be contacted.

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**Review by Departments in which a Physician Maintains Privileges but not Membership**

**Purpose** To provide a mechanism whereby physicians may be reviewed by departments in which he maintains privileges but not membership.

1. Potential adverse patient outcomes and policy violations are routinely submitted for peer review to the department of which the involved practitioner is a member. However, at the direction of the Chief of Staff or Executive Committee Advisory Committee, the potential adverse patient outcome or the possible policy violation may be submitted via the peer review process of the department wherein the violation occurred even if the involved Practitioner is not a member of that Department.
2. A recommendation may be forwarded by the reviewing Department to the Practitioner's membership department.
3. An interdepartmental communication form must be submitted to the chairman and quality assurance representative of the Practitioner's membership department with a copy of the form to the Practitioner.
4. The Practitioner may respond but the membership department shall respond within 30 days to the original reviewing department with notification of final assessment of the determination.
5. If the reviewing department is not agreeable with the final determination, a meeting will be held between the quality assurance representative from the reviewing department, the quality assurance representative from the Practitioner's membership department, and the Practitioner.
6. If an agreement cannot be reached at this meeting, the issue will be forwarded to the Quality Assessment and Improvement Committee.



**Pomerado Hospital Medical Staff Services**

15615 Pomerado Road  
Poway, CA 92064  
Phone – (858) 613-4664  
FAX – (858) 613-4217

DATE: April 30, 2008  
TO: Board of Directors - May 12, 2008 Meeting  
FROM: Benjamin Kanter, M.D., Chief of Staff, Pomerado Hospital Medical Staff  
SUBJECT: Medical Staff Credentials Recommendations – April

Provisional Appointments: (05/12/2008 – 04/30/2010)

Amy M. Reese, M.D. – Medicine/Hematology/Oncology  
Tyrone L. Hardy, M.D. – Surgery/Neurosurgery

Advancements:

Tyler L. Crawford, M.D. – Radiology – Active 05/12/2008 – 07/31/2009  
Eric M. Emont, M.D. – Geriatric Medicine – Associate (includes Villa) 05/12/2008 – 11/30/2009  
Gary D. Gonsalves, M.D. – Anesthesiology – Active 05/12/2008 – 03/31/2010  
Serge Kaska, M.D. – Orthopedic Surgery – Active 05/12/2008 – 11/30/2008

Biennial Reappointments: (06/01/2008 – 05/31/2010)

Francis A. Barber, M.D. - Medicine - Affiliate  
Alan J. Conrad, M.D. – Medicine - Active  
Shari R. Jacobs, M.D. – Pediatrics – Courtesy  
Eung D. Kim, M.D. – Anesthesia - Affiliate  
Michael A. Kosmo, M.D. – Medicine - Active  
Marshall J. Littman, M.D. – Pediatrics - Active  
Stefan Moldovan, M.D. – Surgery - Active  
Jaime B. Rivas, M.D. – Emergency Medicine - Active  
Mary L. Sanfelippo, M.D. – Medicine – (includes Villa)  
Kevin J. Schwartz, M.D. – Anesthesiology – Active  
Yonina Tova, M.D. – Radiology - Consulting  
Jinnu A. Verma, M.D. – Medicine - Affiliate

Leave of Absence – 05/12/2008 – 05/11/2010:

Cynthia A. Robertson, M.D.

Voluntary Resignations:

Rodolfo R. Batarse, M.D. (Effective 5/1/2008)  
Patricia J. Johnson, M.D.  
Marvin M. Kripps, M.D.  
Susan Lim, M.D.  
Jeffrey G. Luban, M.D.  
Joseph M. Mann, M.D.

Allied Health Professional Appointments: (5/12/2008 – 4/30/2010)

Doris Asombrado, N.P. – Sponsors Dr. Koenig and Dr. Herip  
Rupinderjit Jadav, N.P. – Sponsor Dr. Koenig  
Monica R. Sprague, N.P. – Sponsors Dr. Koenig and Dr. Herip

Allied Health Additional Privileges:

Tania Marek N.P. – Corporate Health – Sponsor Dr. Herip  
Lisa Sheehan, N.P. – Expresscare – Dr. Koenig

POMERADO HOSPITAL: Certification by and Recommendation of Chief of Staff: As Chief of Staff of Pomerado Hospital, I certify that the procedures described in the Medical Staff Bylaws for appointment, reappointment, or alternation of staff membership or the granting of privileges and the policy of the Palomar Pomerado Health System's Board of Directors regarding such practices have been properly followed. I recommend that the Board of Directors take the action requested in each case.

## Physician Recruit Relocation

**TO:** Board of Directors

**MEETING DATE:** Monday, May 12, 2008

**FROM:** Board Finance Committee  
Tuesday, April 29, 2008

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

**Background:** This item is being presented in response to the Finance Committee's request made at their March 2008 meeting. PPH had recruited Dr. Erika Cox (now Dr. Albani) to come to Escondido in September 2005. Dr. Albani is a Family Medicine physician who shared offices with Dr. Weinberg. Due to a new position Dr. Albani's husband accepted out of state, Dr. Albani is leaving Escondido prior to the full forgiveness of her physician recruitment loan. Dr. Albani's loan would have been fully forgiven at the end of September 2008, but she is leaving at the end of May 2008. Per the physician recruitment contract, Dr. Albani has 24 months to repay the remaining balance. PPH's Finance Department has determined a payment plan that Dr. Albani will follow to repay the remaining balance of the loan.

**Budget Impact:** None

**Staff Recommendation:** For information only

**Committee Questions:**

### COMMITTEE RECOMMENDATION:

**Motion:**

**Individual Action:**

**Information:** X

**Required Time:**

## Joint Committee Meetings of the Board

**TO:** Board of Directors

**MEETING DATE:** Monday, May 12, 2008

**FROM:** Board Finance Committee  
Tuesday, April 29, 2008

**BY:** Robert Hemker, CFO

**Background:** As there are often topics covered in Board Committee meetings that require review by other Board Committees, it has been proposed that joint meetings of some Board Committees be held. In furtherance of this proposal, concurrent meetings with the Board Quality Review Committee (BQRC) have tentatively been scheduled as follows:

The joint meetings with the BQRC would be held at the regularly scheduled meetings of the Board Finance Committee on Tuesday, July 1, 2008, and Tuesday, January 27, 2009, at POM E and Graybill Auditorium, respectively.

**Budget Impact:** N/A

**Staff Recommendation:** Staff recommended approval of the concurrent meetings with the BQRC as scheduled.

**Committee Questions:**

**COMMITTEE RECOMMENDATION:** The Board Finance Committee approved the concurrent meetings with the BQRC as scheduled.

**Motion:**

**Individual Action:**

**Information:** X

**Required Time:**



**PALOMAR POMERADO HEALTH**  
**Date/Time/Location Of Next Meeting**

**TO:** Board of Directors

**MEETING DATE:** Monday, April 14, 2008

**FROM:** Facilities and Grounds Committee  
Palomar Pomerado Health

**BY:** Pam Carner, Secretary to Committee

**Background:** The next meeting is scheduled for:

- June 9, 2008
- Innovation – District Offices  
Conf Rooms B & C - 2<sup>rd</sup> Floor  
15255 Innovation Drive  
San Diego, CA 92128

**Budget Impact:** N/A

**Staff Recommendation:** INFORMATIONAL ONLY

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:** X

**Required Time:**

## **PALOMAR POMERADO HEALTH**

### **Project Updates**

**TO:** Board of Directors

**MEETING DATE:** Monday, April 14, 2008

**FROM:** Facilities and Grounds Committee  
Palomar Pomerado Health

**Background:** Michael Shanahan provided update information on the status of the following projects for Palomar Pomerado Health:

- Palomar Medical Center West – Progress Report, Update Construction Manager Selection Process
- Major Expansion Financial Update
- Patient Room Mock-up Development
- 456 E. Grand Avenue
- 975 S. Andreasen Ave – Home Health Department

**Budget Impact:** NONE

**Staff Recommendation:** INFORMATIONAL ONLY

**Committee Questions:**

#### **COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:** X

**Required Time:**

## **PALOMAR POMERADO HEALTH Education Session**

**TO:** Board of Directors

**MEETING DATE:** Monday, April 14, 2008

**FROM:** Facilities and Grounds Committee  
Palomar Pomerado Health

**Background:** Mike Shanahan presented the following:

- Review of UCLA Westwood Medical Center
- Update on Disaster Preparedness & Terrorism Response regarding the design of PMC-West

**Budget Impact:** NONE

**Staff Recommendation:** INFORMATIONAL ONLY

**Committee Questions:**

### **COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:** X

**Required Time:**

## Bank and Investment Accounts

**TO:** Board of Directors

**MEETING DATE:** Monday, May 12, 2008

**FROM:** Board Finance Committee  
Tuesday, April 29, 2008

**BY:** Bob Hemker, CFO

**BACKGROUND:** The following change is being requested for the board-designated signatory lists (*Addendum C*) for PPH Bank and Investment Accounts. The change is the addition of the Name of one Authorized Signatory. As a previous Resolution designated signatory authority by title, the addition of the name is informational in nature and does not require any action on the part of the Board.

| NAMING OF AUTHORIZED SIGNATORY– <i>Information Only</i>                            |                                    |                  |
|------------------------------------------------------------------------------------|------------------------------------|------------------|
| All Bank Accounts<br>( <b>Except</b> ESC, Auxiliary & Health Development Accounts) | Chief Administrative Officer – POM | <i>David Tam</i> |
| All Investment Accounts<br>( <b>Except</b> PPH GO Bond Accounts)                   | Chief Administrative Officer – POM | <i>David Tam</i> |

During the normal course of business since the last Resolution was enacted, the following accounts were opened, closed or will have been closed prior to the next Board Finance Committee meeting. Resolutions are required to formalize actions taken by the Finance Department.

| CLOSURE OF BANK ACCOUNTS – Resolution No. 05.12.08 (01) – 05         |                    |                                                            |
|----------------------------------------------------------------------|--------------------|------------------------------------------------------------|
| ACCOUNT NAME                                                         | GENERAL LEDGER #   | INSTITUTION ACCOUNT #                                      |
| PPH Central Accounts Payable                                         | 01-1003.00000      | Bank of America – 14506-03938                              |
| PPH Payroll                                                          | 01-1002.00000      | Bank of America – 14506-03939                              |
| PMC Auxiliary Gift Shop<br>Checking                                  | Not part of PPH GL | Bank of America – 01695-21649                              |
| PMC Auxiliary Gift Shop<br>Savings                                   | Not part of PPH GL | Bank of America – 01695-85098<br>01699-85096 & 01692-85094 |
| 343 E 2 <sup>nd</sup> Avenue Investors<br>LP Checking                | Not part of PPH GL | Rancho Santa Fe National Bank<br>03009831-70               |
| Escondido Surgery Center<br>Savings                                  | Not part of PPH GL | Rancho Santa Fe National Bank<br>03008436-71               |
| OPENING OF INVESTMENT ACCOUNT - Resolution No. 05.12.08 (02) – 06    |                    |                                                            |
| ACCOUNT NAME                                                         | GENERAL LEDGER #   | INSTITUTION ACCOUNT #                                      |
| PPH GO Bond Election of 2004 Series 2007A<br>Funded Interest Account | 111000 113040      | Wells Fargo Bank – 22676000                                |
| PPH GO Bond Election of 2004 Series 2007A<br>Project Fund            | 111000 113041      | Wells Fargo Bank – 22676001                                |

**BUDGET IMPACT:** None

**STAFF RECOMMENDATION:** Staff recommends approval of the Board Resolutions formalizing the actions taken by the Finance Department during the normal course of business.

**COMMITTEE QUESTIONS:**

**COMMITTEE RECOMMENDATION:** 1) The Board Finance Committee recommends approval of the Board Resolution formalizing the closure of the Bank Accounts as listed. 2) The Board Finance Committee recommends approval of the Board Resolution formalizing the opening of the two Investment Accounts as listed.

**Motion:**

**Individual Action:** X

**Information:**

**Required Time:**

**PALOMAR POMERADO HEALTH  
CLOSED BANK ACCOUNTS**

| Resolution Number                    | Account Name                     | General Ledger #   | Institution Account No.                     | Authorized Title                                                                                                                                                                                                                                                                     | Name <sup>1</sup>                                                                                                                                    | Required Signatures and Limits                                                                                                                                                                                                                                               | Account Purpose                                                                                                                                                                 |
|--------------------------------------|----------------------------------|--------------------|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Resolution Number 05.12.08 (01) - 05 | PPH Central Accounts Payable     | 01-1003.00000      | Bank of America <sup>2</sup><br>14506-03938 | President/CEO<br>Chief Financial Officer<br>Chief Administrative Officer - PMC<br>Chief Administrative Officer - POM<br>Chief Planning Officer<br>Chief Human Resources Officer<br>Corporate Controller<br>Director of Finance<br>General Accounting Manager<br>Cash Control Manager | Michael Covert<br>Bob Hemker<br>Gerald Bracht<br>David Tam<br>Marcia Jackson<br>Wallie George<br>Tim Nguyen<br>Vacant<br>Stephanie Schulte<br>Vacant | One facsimile signature for amounts below \$10,000.01. One manual and one facsimile signature for amounts \$10,000.01 and up.<br><br>Manual checks require one handwritten signature for amounts below \$10,000.01 and two manual signatures for amounts \$10,000.01 and up. | <b>Receipts:</b> Deposit from Central checking.<br><br><b>Disbursements:</b> Used to pay all expenses (except payroll) for all facilities.                                      |
|                                      | PPH Payroll                      | 01-1002.00000      | Bank of America <sup>2</sup><br>14504-03939 | President/CEO<br>Chief Financial Officer<br>Chief Administrative Officer - PMC<br>Chief Administrative Officer - POM<br>Chief Planning Officer<br>Chief Human Resources Officer<br>Corporate Controller<br>Director of Finance<br>General Accounting Manager<br>Cash Control Manager | Michael Covert<br>Bob Hemker<br>Gerald Bracht<br>David Tam<br>Marcia Jackson<br>Wallie George<br>Tim Nguyen<br>Vacant<br>Stephanie Schulte<br>Vacant | One facsimile signature for amounts \$0.00 and above.<br><br>One handwritten signature on manual checks.                                                                                                                                                                     | <b>Receipts:</b> Transfers from the Central checking account.<br><br><b>Disbursements:</b> Pay net payroll for all PPH employees.                                               |
|                                      | PMC Auxiliary Gift Shop Checking | Not part of PPH GL | Bank of America<br>01695-21649              | Auxiliary President<br>Auxiliary Treasurer<br>Auxiliary Secretary                                                                                                                                                                                                                    | Eleanor Schulze<br>Jodie Kroon<br>Fran Cummings                                                                                                      | Two handwritten signatures on amounts \$0.00 and above.                                                                                                                                                                                                                      | <b>Receipts:</b> To transfer funds from savings to cover expenses.<br><br><b>Disbursements:</b> To pay bills concerning PMC Auxiliary and purchases for Palomar Medical Center. |
|                                      | PMC Auxiliary Gift Shop Savings  | Not part of PPH GL | Bank of America<br>01699-85096              | Auxiliary President<br>Auxiliary Treasurer<br>Auxiliary Secretary                                                                                                                                                                                                                    | Eleanor Schulze<br>Jodie Kroon<br>Fran Cummings                                                                                                      | Two handwritten signatures on amounts \$0.00 and above.                                                                                                                                                                                                                      | <b>Receipts:</b> To transfer funds for scholarships.<br><br><b>Disbursements:</b> Yearly \$500 scholarships.                                                                    |
|                                      | PMC Auxiliary Gift Shop Savings  | Not part of PPH GL | Bank of America<br>01692-85094              | Auxiliary President<br>Auxiliary Treasurer<br>Auxiliary Secretary                                                                                                                                                                                                                    | Eleanor Schulze<br>Jodie Kroon<br>Fran Cummings                                                                                                      | Two handwritten signatures on amounts \$0.00 and above.                                                                                                                                                                                                                      | <b>Receipts:</b> Interest received used for scholarships.<br><br><b>Disbursements:</b> Transfer excess funds at maturity to general scholarship account.                        |
|                                      | PMC Auxiliary Gift Shop Savings  | Not part of PPH GL | Bank of America<br>01692-85094              | Auxiliary President<br>Auxiliary Treasurer<br>Auxiliary Secretary                                                                                                                                                                                                                    | Eleanor Schulze<br>Jodie Kroon<br>Fran Cummings                                                                                                      | Two handwritten signatures on amounts \$0.00 and above.                                                                                                                                                                                                                      | <b>Receipts:</b> To transfer from checking excess funds to hold for gifts to hospital.<br><br><b>Disbursements:</b> Transfer to checking funds needed for gifts to hospital.    |
|                                      | PMC Auxiliary Gift Shop Savings  | Not part of PPH GL | Bank of America<br>01695-85098              | Auxiliary President<br>Auxiliary Treasurer<br>Auxiliary Secretary                                                                                                                                                                                                                    | Eleanor Schulze<br>Jodie Kroon<br>Fran Cummings                                                                                                      | Two handwritten signatures on amounts \$0.00 and above.                                                                                                                                                                                                                      | <b>Receipts:</b> To deposit funds received for remembrance of members.<br><br><b>Disbursements:</b> Expenses incurred.                                                          |

**PALOMAR POMERADO HEALTH  
CLOSED BANK ACCOUNTS**

| Resolution Number                 | Account Name                             | General Ledger #   | Institution Account No.                      | Authorized Title                                                                                                                                                                                                                                                                      | Name <sup>1</sup>                                                                                                                                                         | Required Signatures and Limits                     | Account Purpose |
|-----------------------------------|------------------------------------------|--------------------|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|-----------------|
| Resolution No. 05.12.08 (01) - 05 | Escondido Surgery Center Savings         | Not part of PPH GL | Rancho Santa Fe National Bank<br>03008436-71 | President/CEO<br>Chief Financial Officer<br>Chief Planning Officer<br>Chief Human Resources Officer<br>Chief Clinical Outreach Officer<br>Corporate Controller<br>Director of Finance<br>General Accounting Manager<br>Cash Control Manager<br>ESC Administrator<br>ESC Nurse Manager | Michael Covert<br>Bob Hemker<br>Marcia Jackson<br>Wallie George<br>Sheila Brown<br>Tim Nguyen<br>Vacant<br>Stephanie Schulte<br>Vacant<br>Marvin Levenson<br>Beverly Berg | Two signatures on all checks amount \$0.00 and up. |                 |
|                                   | 343 E. 2nd Avenue Investors, LP Checking | Not part of PPH GL | Rancho Santa Fe National Bank<br>03009831-70 | President/CEO<br>Chief Financial Officer<br>Chief Planning Officer<br>Chief Human Resources Officer<br>Chief Clinical Outreach Officer<br>Corporate Controller<br>Director of Finance<br>General Accounting Manager<br>Cash Control Manager<br>ESC Administrator<br>ESC Nurse Manager | Michael Covert<br>Bob Hemker<br>Marcia Jackson<br>Wallie George<br>Sheila Brown<br>Tim Nguyen<br>Vacant<br>Stephanie Schulte<br>Vacant<br>Marvin Levenson<br>Beverly Berg | Two signatures on all checks amount \$0.00 and up. |                 |

**PALOMAR POMERADO HEALTH  
INVESTMENT ACCOUNTS**

| Resolution Number | Account Name    | Institution Account No.                          | Authorized Title                                                                                                                                                                                                                                                                     | Name <sup>1</sup>                                                                                                                                    | Required Signatures and Limits                                          | Account Purpose                                                                                                                                                        |
|-------------------|-----------------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                   | Investment Fund | Morgan Stanley<br>123-095476-038                 | President/CEO<br>Chief Financial Officer<br>Chief Administrative Officer - PMC<br>Chief Administrative Officer - POM<br>Chief Planning Officer<br>Chief Human Resources Officer<br>Corporate Controller<br>Director of Finance<br>General Accounting Manager<br>Cash Control Manager | Michael Covert<br>Bob Hemker<br>Gerald Bracht<br>David Tam<br>Marcia Jackson<br>Wallie George<br>Tim Nguyen<br>Vacant<br>Stephanie Schulte<br>Vacant | Two approvals required on all telephonic and electronic fund transfers. | <b><u>Receipts:</u></b> Excess operational funds not immediately needed.<br><br><b><u>Disbursements:</u></b> Transfers to operational funds to meet cash requirements. |
|                   | Investment Fund | Salomon Brothers<br>123-095465-038               | President/CEO<br>Chief Financial Officer<br>Chief Administrative Officer - PMC<br>Chief Administrative Officer - POM<br>Chief Planning Officer<br>Chief Human Resources Officer<br>Corporate Controller<br>Director of Finance<br>General Accounting Manager<br>Cash Control Manager | Michael Covert<br>Bob Hemker<br>Gerald Bracht<br>Vacant<br>Marcia Jackson<br>Wallie George<br>Tim Nguyen<br>Vacant<br>Stephanie Schulte<br>Vacant    | Two approvals required on all telephonic and electronic fund transfers. | <b><u>Receipts:</u></b> Excess operational funds not immediately needed.<br><br><b><u>Disbursements:</u></b> Transfers to operational funds to meet cash requirements. |
|                   | Investment Fund | Pacific Income Advisors<br>123-095464-038        | President/CEO<br>Chief Financial Officer<br>Chief Administrative Officer - PMC<br>Chief Administrative Officer - POM<br>Chief Planning Officer<br>Chief Human Resources Officer<br>Corporate Controller<br>Director of Finance<br>General Accounting Manager<br>Cash Control Manager | Michael Covert<br>Bob Hemker<br>Gerald Bracht<br>David Tam<br>Marcia Jackson<br>Wallie George<br>Tim Nguyen<br>Vacant<br>Stephanie Schulte<br>Vacant | Two approvals required on all telephonic and electronic fund transfers. | <b><u>Receipts:</u></b> Excess operational funds not immediately needed.<br><br><b><u>Disbursements:</u></b> Transfers to operational funds to meet cash requirements. |
|                   | Investment Fund | Local Agency Investment Fund (LAIF)<br>20-37-004 | President/CEO<br>Chief Financial Officer<br>Chief Administrative Officer - PMC<br>Chief Administrative Officer - POM<br>Chief Planning Officer<br>Chief Human Resources Officer<br>Corporate Controller<br>Director of Finance<br>General Accounting Manager<br>Cash Control Manager | Michael Covert<br>Bob Hemker<br>Gerald Bracht<br>David Tam<br>Marcia Jackson<br>Wallie George<br>Tim Nguyen<br>Vacant<br>Stephanie Schulte<br>Vacant | Two approvals required on all telephonic and electronic fund transfers. | <b><u>Receipts:</u></b> Excess operational funds not immediately needed.<br><br><b><u>Disbursements:</u></b> Transfers to operational funds to meet cash requirements. |

**PALOMAR POMERADO HEALTH  
INVESTMENT ACCOUNTS**

| Resolution Number | Account Name                                               | Institution Account No.                  | Authorized Title                                                                                                                                                                                                                                                                     | Name <sup>1</sup>                                                                                                                                    | Required Signatures and Limits                                          | Account Purpose                                                                                                                                                    |
|-------------------|------------------------------------------------------------|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                   | Money Market Account                                       | Fidelity<br>00080348725                  | President/CEO<br>Chief Financial Officer<br>Chief Administrative Officer - PMC<br>Chief Administrative Officer - POM<br>Chief Planning Officer<br>Chief Human Resources Officer<br>Corporate Controller<br>Director of Finance<br>General Accounting Manager<br>Cash Control Manager | Michael Covert<br>Bob Hemker<br>Gerald Bracht<br>David Tam<br>Marcia Jackson<br>Wallie George<br>Tim Nguyen<br>Vacant<br>Stephanie Schulte<br>Vacant | Two approvals required on all telephonic and electronic fund transfers. | <b><u>Receipts:</u></b> Excess operational funds not immediately needed.<br><b><u>Disbursements:</u></b> Transfers to operational funds to meet cash requirements. |
|                   | Pomerado Hospital Authority Escrow Fund<br>1978 Bond Issue | U.S. Bank<br>Corporate Trust<br>34625230 | President/CEO<br>Chief Financial Officer<br>Chief Administrative Officer - PMC<br>Chief Administrative Officer - POM<br>Chief Planning Officer<br>Chief Human Resources Officer<br>Corporate Controller<br>Director of Finance<br>General Accounting Manager<br>Cash Control Manager | Michael Covert<br>Bob Hemker<br>Gerald Bracht<br>David Tam<br>Marcia Jackson<br>Wallie George<br>Tim Nguyen<br>Vacant<br>Stephanie Schulte<br>Vacant | Two approvals required on all telephonic and electronic fund transfers. | <b><u>Receipts:</u></b> Interest earned on escrow funds.<br><b><u>Disbursements:</u></b> Payment of bond indebtedness.                                             |
|                   | Pomerado Hospital Authority Escrow Fund<br>1978 Bond Issue | U.S. Bank<br>Corporate Trust<br>94625840 | President/CEO<br>Chief Financial Officer<br>Chief Administrative Officer - PMC<br>Chief Administrative Officer - POM<br>Chief Planning Officer<br>Chief Human Resources Officer<br>Corporate Controller<br>Director of Finance<br>General Accounting Manager<br>Cash Control Manager | Michael Covert<br>Bob Hemker<br>Gerald Bracht<br>David Tam<br>Marcia Jackson<br>Wallie George<br>Tim Nguyen<br>Vacant<br>Stephanie Schulte<br>Vacant | Two approvals required on all telephonic and electronic fund transfers. | <b><u>Receipts:</u></b> Interest earned on escrow funds.<br><b><u>Disbursements:</u></b> Payment of bond indebtedness.                                             |
|                   | Revenue Bonds<br>1993 Issue                                | U.S. Bank<br>Corporate Trust<br>94622930 | President/CEO<br>Chief Financial Officer<br>Chief Administrative Officer - PMC<br>Chief Administrative Officer - POM<br>Chief Planning Officer<br>Chief Human Resources Officer<br>Corporate Controller<br>Director of Finance<br>General Accounting Manager<br>Cash Control Manager | Michael Covert<br>Bob Hemker<br>Gerald Bracht<br>David Tam<br>Marcia Jackson<br>Wallie George<br>Tim Nguyen<br>Vacant<br>Stephanie Schulte<br>Vacant | Two approvals required on all telephonic and electronic fund transfers. | <b><u>Receipts:</u></b> Transfer from operational funds to meet debt service payments.<br><b><u>Disbursements:</u></b> Payment of bond indebtedness.               |



**PALOMAR POMERADO HEALTH  
INVESTMENT ACCOUNTS**

| Resolution Number                              | Account Name                                                              | Institution Account No.                  | Authorized Title                                                                                                                                                                                                                                                                     | Name <sup>1</sup>                                                                                                                                    | Required Signatures and Limits                                          | Account Purpose                                                                                                                                    |
|------------------------------------------------|---------------------------------------------------------------------------|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                | Revenue Bonds<br>1999 Issue                                               | U.S. Bank<br>Corporate Trust<br>95465800 | President/CEO<br>Chief Financial Officer<br>Chief Administrative Officer - PMC<br>Chief Administrative Officer - POM<br>Chief Planning Officer<br>Chief Human Resources Officer<br>Corporate Controller<br>Director of Finance<br>General Accounting Manager<br>Cash Control Manager | Michael Covert<br>Bob Hemker<br>Gerald Bracht<br>David Tam<br>Marcia Jackson<br>Wallie George<br>Tim Nguyen<br>Vacant<br>Stephanie Schulte<br>Vacant | Two approvals required on all telephonic and electronic fund transfers. | <b>Receipts:</b> Transfer from operational funds to meet debt service payments.<br><br><b>Disbursements:</b> Payment of bond indebtedness.         |
|                                                | Repurchase Agreement                                                      | Morgan Stanley<br>64892719               | President/CEO<br>Chief Financial Officer<br>Chief Administrative Officer - PMC<br>Chief Administrative Officer - POM<br>Chief Planning Officer<br>Chief Human Resources Officer<br>Corporate Controller<br>Director of Finance<br>General Accounting Manager<br>Cash Control Manager | Michael Covert<br>Bob Hemker<br>Gerald Bracht<br>David Tam<br>Marcia Jackson<br>Wallie George<br>Tim Nguyen<br>Vacant<br>Stephanie Schulte<br>Vacant | Two approvals required on all telephonic and electronic fund transfers. | <b>Receipts:</b> Transfer from operational funds to meet debt service payments.<br><br><b>Disbursements:</b> Payment of bond indebtedness.         |
| <b>RESOLUTION NO.<br/>05.12.2008 (02) - 06</b> | PPH GO Bond Election of<br>2004 Series 2007A<br>Funded Interest Account   | Wells Fargo<br>22676000                  | President/CEO<br>Chief Financial Officer                                                                                                                                                                                                                                             | Michael Covert<br>Bob Hemker                                                                                                                         | One authorized signature on all documents.                              | <b>Receipts:</b> Receive monies from County of San Diego tax roll.<br><br><b>Disbursements:</b> Payment of Interest and Principal to Bond Holders. |
|                                                | PPH GO Bond Election of<br>2004 Series 2007A<br>Project Fund              | Wells Fargo<br>22676001                  | President/CEO<br>Chief Financial Officer                                                                                                                                                                                                                                             | Michael Covert<br>Bob Hemker                                                                                                                         | One authorized signature on all documents.                              | <b>Receipts:</b> Proceeds from Bond sale. Interest Income earned.<br><br><b>Disbursements:</b> Disburse funds to PPH for project costs.            |
|                                                | PPH GO Bond Election of<br>2004 Series 2005A<br>Interest and Sinking Fund | Wells Fargo<br>1804050                   | President/CEO<br>Chief Financial Officer                                                                                                                                                                                                                                             | Michael Covert<br>Bob Hemker                                                                                                                         | One authorized signature on all documents.                              | <b>Receipts:</b> Receive monies from County of San Diego tax roll.<br><br><b>Disbursements:</b> Payment of Interest and Principal to Bond Holders. |
|                                                | PPH GO Bond Election of<br>2004 Series 2005A<br>Project Fund              | Wells Fargo<br>1804501                   | President/CEO<br>Chief Financial Officer                                                                                                                                                                                                                                             | Michael Covert<br>Bob Hemker                                                                                                                         | One authorized signature on all documents.                              | <b>Receipts:</b> Proceeds from Bond sale. Interest Income earned.<br><br><b>Disbursements:</b> Disburse funds to PPH for project costs.            |

**PALOMAR POMERADO HEALTH  
INVESTMENT ACCOUNTS**

| Resolution Number | Account Name                                            | Institution Account No. | Authorized Title                                                                                                                                                                                                            | Name <sup>1</sup>                                                                               | Required Signatures and Limits                                                      | Account Purpose                                                                                                                                                             |
|-------------------|---------------------------------------------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                   | Citracado Road<br>Public Benefit<br>Development Account | Wells Fargo<br>18040503 | President/CEO - PPH<br>Chief Financial Officer - PPH<br>Controller - PPH<br>Director of Finance - PPH<br>Director of Finance - City of Escondido<br>Revenue Manager - City of Escondido<br>City Manager - City of Escondido | Michael Covert<br>Bob Hemker<br>Tim Nguyen<br>Vacant<br>Gil Rojas<br>Joan Ryan<br>Clay Phillips | Two authorized signatures (one each from PPH & City of Escondido) on all documents. | <b>Receipts:</b> One-time funding of \$13 million plus earned interest.<br><b>Disbursements:</b> Authorized uses pursuant to Development Agreement dated February 15, 2006. |

## Special Session of the Board

**TO:** Board of Directors

**MEETING DATE:** Monday, May 12, 2008

**FROM:** Board Finance Committee  
Tuesday, April 29, 2008

**BY:** Robert Hemker, CFO

**Background:** As there are often topics covered in Board Committee meetings that require review by other Board Committees, it was proposed that joint meetings of some Board Committees be held. Accordingly, a concurrent meeting with the Board Strategic Planning Committee was suggested, to be held at the regularly scheduled meeting of that body on Tuesday, August 12, 2008, in Innovation B&C. Recommended agenda items would be update reviews of the following programs: Wound Care, Perinatology, the Laborist Program, Robotic Surgery, and the Women's Center. If scheduled, this meeting would not affect the regularly scheduled meeting of the Board Finance Committee on August 26, 2008.

**Budget Impact:** N/A

**Staff Recommendation:** Staff recommended approval of the concurrent meeting with the Board Strategic Planning Committee as suggested.

**Committee Questions:**

**COMMITTEE RECOMMENDATION:** The Board Finance Committee recommends that a **Special Session of the Full Board be scheduled on Tuesday, August 12, 2008, in Conference Rooms B&C at Innovation**, instead of the proposed joint meeting between the Finance and Strategic Planning Committees of the Board.

**Motion:** X

**Individual Action:**

**Information:**

**Required Time:**

## Weight Solutions

**TO:** PPH Board of Directors

**DATE:** May 12, 2008

**FROM:** Strategic Planning Committee on April 8, 2008

**BY:** Sheila Brown, Chief Clinical Outreach Officer  
Kris Hedges, System Director DiabetesHealth

**BACKGROUND:** At the March 25 Board Finance Committee meeting, a presentation was made regarding a potential new program called Weight Solutions, a continuum of care option for individuals seeking weight loss, medically supervised weight loss, and weight maintenance programs. The Finance Committee reached a consensus regarding the financial aspects of the program and referred the information to the Board Strategic Planning Committee for review.

**STAFF RECOMMENDATION:** At the Board Finance Committee meeting, staff recommended approval and implementation of the new program.

### Project Proposals

- Create PPH Weight Solutions Centers at two sites, timesharing space with Corporate Health, with staggered implementation plan -Poway Location (until RP site completed), 120 Craven Road Suite 207, San Marcos
- Partner with FANS to offer Medical Nutritional Therapy (MNT)
- Partner with Health Management Resources® (HMR®)
- Comprehensive medically supervised weight loss to weight maintenance programs and associated products - shakes, meals, and snacks
- Leader in weight loss and weight management services (and products)
- Two proven strategies (clinic and HMR at Home®)
- Benchmarking Data System, distribution support
- No charge for training, medical guidelines, and consulting
- Web based business available through links to PPH web site

### Management Recommendation

- Create Medically Supervised Weight Loss and Weight Management Program (Weight Solutions)
- Generate revenue through program and augment Bariatric Center of Excellence
- Expand medical nutritional services, penetrate and establish market share
- Capture market share within PPH district
- Create physician loyalty
- Provide community education and service

### Next Steps

- PPH Board Approval
- Target date for implementation and opening

## Weight Solutions

**COMMITTEE COMMENTS, QUESTIONS:** There were many questions and some discussion about the program. Currently, there is one surgeon, Dr. Callery, who performs bariatric surgery at Pomerado, and Dr. Callery is very supportive of this program. Many insurance companies require patients attempt non-surgical solutions before they will cover gastric bypass surgery. However, insurances do not cover the cost of these weight reduction programs, so the client pays for the approximate \$4,000 annual cost. There was concern that our lower-income patients will not be able to access this new program. It was suggested that Kris work with Brad Wiscons in Health Development to seek grants to help low-income patients access the program. There were questions about the long-term success of this program. Kris was asked to return in 6 to 12 months after implementation to report out about how the program is doing

Dr. Larson commented that if PPH did not choose to participate in this program, then it is quite likely that other organizations will. Ideally, he would like for PPH to have a comprehensive weight management plan encompassing all aspects of weight control, including childhood obesity, behavior modification, and a full range of related components. Bruce Krider agreed with Dr. Larson that PPH should test the water and participate in this program, and not wait for others to do so.

Bruce Krider then motioned to approve this program and recommend it to the Full PPH Board of Directors for approval, and the motion was seconded by Nancy Bassett, and carried unanimously.

### COMMITTEE RECOMMENDATION:

**Action/Approval:** X

# **PPH Board Subcommittee Activity Summary**

## **April 2008**

---

**Internal Audit Committee** – No meeting in April

**Governance Committee** – No meeting in April

**Human Resources Committee** – No meeting in April

**Strategic Planning** – April 8

- **Weight Solutions Program** - At the March 25 Board Finance Committee meeting, a presentation was made regarding a potential new program called Weight Solutions, a continuum of care option for individuals seeking weight loss, medically supervised weight loss, and weight maintenance programs. The Finance Committee reached a consensus regarding the financial aspects of the program and referred the information to the Board Strategic Planning Committee for review. The Strategic Planning Committee approved this program and recommended it to the Full PPH Board of Directors for approval.
- **Integrative Medicine Implementation Plan** - The Strategic Planning Committee expressed support for the implementation of the Integrative Medicine Plan and expressed a desire to approve it. The Integrative Medicine Implementation Plan will be brought back for approval at the next meeting on May 8, which will be a Joint BOD/Strategic Planning Committee Meeting, and the staff recommended that the Joint BOD/Strategic Planning Committee approve the Implementation Plan and budget estimated at \$250,000.

**Community Relations** – April 9

- **Activities of the April Community Relations Committee were reported at the April 14 Board of Directors meeting**

**Board Facilities and Grounds** – April 14

- **Review of Innovations, Information Technology Integration and Architectural Design Features** incorporated in the new UCLA Westwood Medical Center. Additionally, a presentation was made regarding the disaster preparedness planning and operations for the new Palomar Medical Center West project. Lastly, a recap and update of the Facilities Master Plan budget and project updates were provided for PMC-West, Pomerado Hospital, 456 E. Grand Avenue, and 975 Andreasen Avenue.

### **Board Quality Review Committee** – April 21

- **Overview of Expanded Quality/Patient Safety Program** from the Centers for Medicare and Medicaid (CMS)
- **Overview of Regulatory activities to include key issues for CMS and TJC** to include a plan of action for improving the legibility of patient documentation
- **Overview of Infection Control Activities** to include the performance improvement for the Surgical Care Improvement Project
- **Overview of Staffing Analysis** of how we evaluate the effectiveness of our staffing process against quality indicators (i.e. % of hospital acquired skin ulcers/ % of contract hours of care) and
- **A Risk Management Update**

### **Finance Committee** – April 29

#### **ACTION ITEMS:**

- **Auction Rate Security (ARS) Bonds** Review of market conditions and recommended strategies. Recommendation that Management move forward with continued diligence and negotiations for a possible refinancing of the ARS Bonds to Synthetic Fixed Rate Bonds with an underlying VRDO option, subject to bond insurer and bank participation; with the alternative refinancing options utilizing fixed rate insured bonds, fixed rate uninsured bonds, postponement of refinancing based upon ongoing market conditions.
- **Independent Citizens' Oversight Committee** Review of applications to ensure eligibility of applicants, with recommendation that both applicants be approved to fill the two pending vacancies. Action will continue a full complement of 9 seats within the ICOC.
- **Physician Agreements** 3-year Medical Director Agreement with Alejandro Paz, MD, MPH, at the PPH *expresscare* clinic in Escondido.
- **Physician Recruitment Agreement** with Graybill Medical Group and Carlos Franco, MD – Internal Medicine, Escondido
- **Physician Recruitment Agreement** with Graybill Medical Group and Manuel Tanguma, III, MD – Family Practice, San Marcos
- **Special Board Meeting** Concurred with the value of holding a joint meeting with the Strategic Planning Committee for program update reviews. Recommended, that the meeting instead be scheduled as a special meeting of the full Board of Directors.
- **March 2008 Financial Report** Reviewed March financial performance and the \$1.3 million shortfall to budget. Focused discussion regarding causes for the shortfall and

Management's corrective action efforts. The Committee will continue to closely monitor and will keep the Board apprised of the current situation through the remainder of the fiscal year.

- **Bank & Investment Accounts** Routine updates of banking operations were reviewed and passed on for approval by Board Resolution.

**INFORMATION ITEMS:**

- Agreed to hold joint meetings with the Board Quality Review Committee on July 1, 2008 and January 27, 2009.
- Follow-up discussion regarding Dr. Erika Cox Albani's departure from the District and how repayment of her income guarantee is being handled by Management.



# **ADDENDUM**

**A**

# Financial Statements

*March 2008*

PALOMAR  
POMERADO  
HEALTH

SPECIALIZING IN YOU

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Financial Results  
Executive Summary & HighlightsStatistics

|                     | Feb    | Mar    | Feb vs Mar<br>% Change | Mar<br>Budget | Act vs Bud<br>% Variance |
|---------------------|--------|--------|------------------------|---------------|--------------------------|
| <b>CONSOLIDATED</b> |        |        |                        |               |                          |
| Patient Days Acute  | 9,970  | 10,254 | 2.8%                   | 9,666         | 6.1%                     |
| Patient Days SNF    | 5,932  | 6,288  | 6.0%                   | 6,546         | (3.9%)                   |
| ADC Acute           | 343.80 | 330.77 | (3.8%)                 | 311.82        | 6.1%                     |
| ADC SNF             | 204.55 | 202.84 | (0.8%)                 | 211.16        | (3.9%)                   |
| Surgeries CVS Cases | 16     | 12     | (25.0%)                | 12            | 0.0%                     |
| Surgeries Total     | 1,610  | 1,666  | 3.5%                   | 1,692         | (1.5%)                   |
| Number of Births    | 442    | 441    | (0.2%)                 | 466           | (5.4%)                   |
| <b>NORTH</b>        |        |        |                        |               |                          |
| Patient Days Acute  | 7,466  | 7,468  | 0.0%                   | 7,298         | 2.3%                     |
| Patient Days SNF    | 2,355  | 2,456  | 4.3%                   | 2,720         | (9.7%)                   |
| ADC Acute           | 257.46 | 240.90 | (6.4%)                 | 235.43        | 2.3%                     |
| ADC SNF             | 81.21  | 79.23  | (2.4%)                 | 87.74         | (9.7%)                   |
| <b>SOUTH</b>        |        |        |                        |               |                          |
| Patient Days Acute  | 2,504  | 2,786  | 11.3%                  | 2,368         | 17.7%                    |
| Patient Days SNF    | 3,577  | 3,832  | 7.1%                   | 3,826         | 0.2%                     |
| ADC Acute           | 86.34  | 89.87  | 4.1%                   | 76.38         | 17.7%                    |
| ADC SNF             | 123.34 | 123.61 | 0.2%                   | 123.42        | 0.2%                     |

Addendum A - 3

Financial Results  
Executive Summary & Highlights**Balance Sheet:**

**Current Cash & Cash Equivalents** decreased \$5.7 million from \$75.3 million in February to \$69.6 million in March. This decrease is primarily due to the increase in Construction in Progress of \$11.3 million of which \$6.1 million was reimbursed by Bond funds. Total Cash and Investments are \$82.0 million, compared to \$89.5 million at February 29, 2008. Days Cash on Hand went from 80 days in February to 74 days in March.

**Net Accounts Receivable** increased to \$96.5 million in March as compared to \$94.4 million in February. Gross A/R days decreased from 50.4 days in February to 50.0 days in March.

March patient account collections including capitation are \$33.6 million compared to budget of \$33.1 million. March YTD collections are \$293.7 million compared to budget of \$297.9 million.

**Construction in Progress** increased \$11.3 million from \$180.9 million in February to \$192.2 million in March. The increase is attributed to Building Expansion A&E Services and construction costs \$8.9 million, Cerner Optimization Project \$1.4 million and Pomerado Outpatient Pavilion tenant improvements \$0.8 million.

**Other Current Liabilities** increased \$0.8 million from \$17.6 million to \$18.4 million primarily due to an increase in deferred income capitation of \$2.1 million. This is offset by the realization of deferred property tax revenue of \$1.1 million.

## Financial Results

## Executive Summary &amp; Highlights

**Income Statement:**

**Gross Patient Revenue** for YTD reflects a favorable budget variance of \$42.4 million. The breakdown is \$7.0 million unfavorable volume variance and \$49.4 million favorable rate variance based on adjusted discharges.

**Routine revenue** (inpatient room and board) reflects an unfavorable \$1.8 million budget variance. Inpatient Ancillary revenue represents a \$21.0 million favorable budget variance. North reflects \$10.3 million favorable variance and South reflects \$10.7 million favorable variance.

**Outpatient revenue** reflects a favorable budget variance of \$23.2 million. North has a \$22.4 million favorable variance and South has \$0.9 million favorable variance. This amount is decreased by Outreach \$0.1 million unfavorable variance.

**Deductions from Revenue** reflect a YTD unfavorable variance of \$42.3 million. Total Deductions from Revenue is 70.60% of gross revenue compared to a budget of 69.38%. Deductions from Revenue (excluding Bad Debt/Charity/Undocumented expenses) is 66.06% of YTD Gross Revenue compared to budget of 65.03%.

**The net capitation** reflects a YTD unfavorable budget variance of \$1.7 million. Cap Premium and Out of Network Claim Expense both show a favorable budget variance of \$1.9 million and \$2.5 million, respectively. A favorable variance of Cap Premium is due to retro 2006 premium adjustments in August. Cap Valuation shows an unfavorable variance of \$6.1 million.

## Financial Results

## Executive Summary &amp; Highlights

**Income Statement (cont'd)**

**Other Operating Revenue** reflects a YTD unfavorable budget variance of \$4.8 million. The most significant contributor to this variance is the Foundation where actual revenue is zero versus a budget of \$2.7 million. After the budget was prepared, a change in procedure was initiated to credit the Foundation's expenses instead of revenue for funding requests. Therefore, the offset to this revenue loss is a reduction to expenses. This variance will be ongoing throughout the year. PPNC Health Development has a YTD unfavorable variance of \$1.0 million. Also contributing to this variance is the Grant program for Home Health Outreach and Welcome Home Baby where the YTD variances are unfavorable by \$0.9 million and \$0.7 million, respectively. All these negative variances are partially offset by the Spartanburg class action settlement of \$0.2 million, a VHA Rebate of \$0.1 million and the insurance settlement for the Graybill Auditorium water damage of \$0.2 million.

**Salaries, Wages & Contract Labor** has a YTD unfavorable budget variance of \$6.5 million. The breakdown is as follows:

|                     |             |             |             |
|---------------------|-------------|-------------|-------------|
| <b>Consolidated</b> | 154,782,740 | 148,275,487 | (6,507,253) |
| <b>North</b>        | 89,758,324  | 86,471,429  | (3,286,895) |
| <b>South</b>        | 37,072,454  | 34,682,440  | (2,390,014) |
| <b>Central</b>      | 21,088,846  | 20,343,251  | (745,595)   |
| <b>Outreach</b>     | 6,863,116   | 6,778,367   | (84,749)    |

## Financial Results

## Executive Summary &amp; Highlights

**Income Statement (cont'd):**

**Benefits Expense** has a YTD favorable budget variance of \$1.8 million. This variance can be broken down into the following categories: FICA–unfavorable by \$1.5 million; Health and Dental – unfavorable by \$0.7 million; Workers Compensation – favorable by \$2.9 million; Pension - favorable by \$0.1 million and All Other Benefits - favorable by \$1.0 million.

**Supplies Expense** reflects a YTD unfavorable budget variance of \$2.8 million. The breakdown is prosthesis supplies at \$1.2 million, surgery general at \$0.6 million, and other supplies at \$1.0 million.

**Prof Fees & Purchased Services** reflect a YTD unfavorable budget variance of \$0.2 million. The favorable variance of \$1.5 million in professional fees is due to physician income guarantees not realized and consulting fees in Design/Facility and Welcome Home Baby. The unfavorable \$1.7 million variance in purchased services is primarily due to \$0.9 million in repairs and maintenance costs.

**Non-Operating Income** reflects a YTD favorable variance of \$3.3 million. This is due to a favorable investment income variance of \$2.7 million. Interest expense is also favorable by \$0.5 million.

**Ratios & Margins:**

One bond covenant ratio did not meet requirements in March 2008. Days Cash on Hand is at 74 days, which is under the minimum requirement of 80 days. .



Balanced Scorecard  
Financial Indicators

| December    | January     | February    | March       |             |           |        | % Actual  |
|-------------|-------------|-------------|-------------|-------------|-----------|--------|-----------|
| Actual      | Actual      | Actual      | Actual      | Budget / PY | Variance  |        | to Budget |
| -0.8%       | 3.8%        | 9.2%        | 7.4%        | 10.8%       | (3.4%)    | 68.5%  |           |
| \$ 2,949.50 | \$ 2,636.61 | \$ 2,429.69 | \$ 2,426.76 | \$ 2,652.44 | \$ 225.68 | 91.5%  |           |
| \$ 1,871.72 | \$ 1,545.02 | \$ 1,408.08 | \$ 1,346.10 | \$ 1,577.84 | \$ 231.74 | 85.3%  |           |
| 6.94        | 5.98        | 6.15        | 6.20        | 6.62        | 0.42      | 93.7%  |           |
| 13,000      | 13,967      | 13,874      | 14,498      | 13,343      | 1,155     | 108.7% |           |

## PPH Indicators:

| YTD 2008 |             |          | % Actual to | Prior Year |
|----------|-------------|----------|-------------|------------|
| Actual   | Budget      | Variance | Budget      | Actual     |
| 6.6%     | 10.0%       | (3.4%)   | 66.0%       | 9.0%       |
| 2,664.59 | \$ 2,681.69 | \$ 17.10 | 99.4%       | 2,511.48   |
| 1,577.43 | \$ 1,578.67 | \$ 1.24  | 99.9%       | 1,502.41   |
| 6.40     | 6.63        | 0.23     | 96.5%       | 6.04       |
| 120,706  | 117,605     | 3,101    | 104.5%      | 115,516    |

## PPH North Indicators:

|             |             |             |             |             |           |        |                             |          |             |            |        |          |
|-------------|-------------|-------------|-------------|-------------|-----------|--------|-----------------------------|----------|-------------|------------|--------|----------|
| -1.5%       | 5.5%        | 8.8%        | 9.5%        | 11.8%       | (2.3%)    | 80.5%  | OEBITDA Margin w/Prop Tax   | 7.2%     | 11.0%       | (3.8%)     | 65.5%  | 9.1%     |
| \$ 2,824.19 | \$ 2,459.82 | \$ 2,274.22 | \$ 2,318.27 | \$ 2,504.73 | \$ 186.46 | 92.6%  | Expenses/Wtd Day            | 2,540.82 | \$ 2,523.97 | \$ (16.85) | 100.7% | 2,387.84 |
| \$ 1,557.64 | \$ 1,254.22 | \$ 1,154.56 | \$ 1,155.14 | \$ 1,314.33 | \$ 159.19 | 87.9%  | SWB/Wtd Day                 | 1,302.56 | \$ 1,309.40 | \$ 6.84    | 99.5%  | 1,247.71 |
| 5.73        | 4.90        | 5.01        | 5.16        | 5.35        | 0.19      | 96.4%  | Prod FTE's/Adj Occupied Bed | 5.28     | 5.30        | 0.02       | 99.6%  | 5.09     |
| 9,151       | 9,883       | 9,793       | 10,017      | 9,345       | 672       | 107.2% | Weighted Patient Days       | 83,998   | 82,342      | 1,656      | 104.8% | 80,153   |

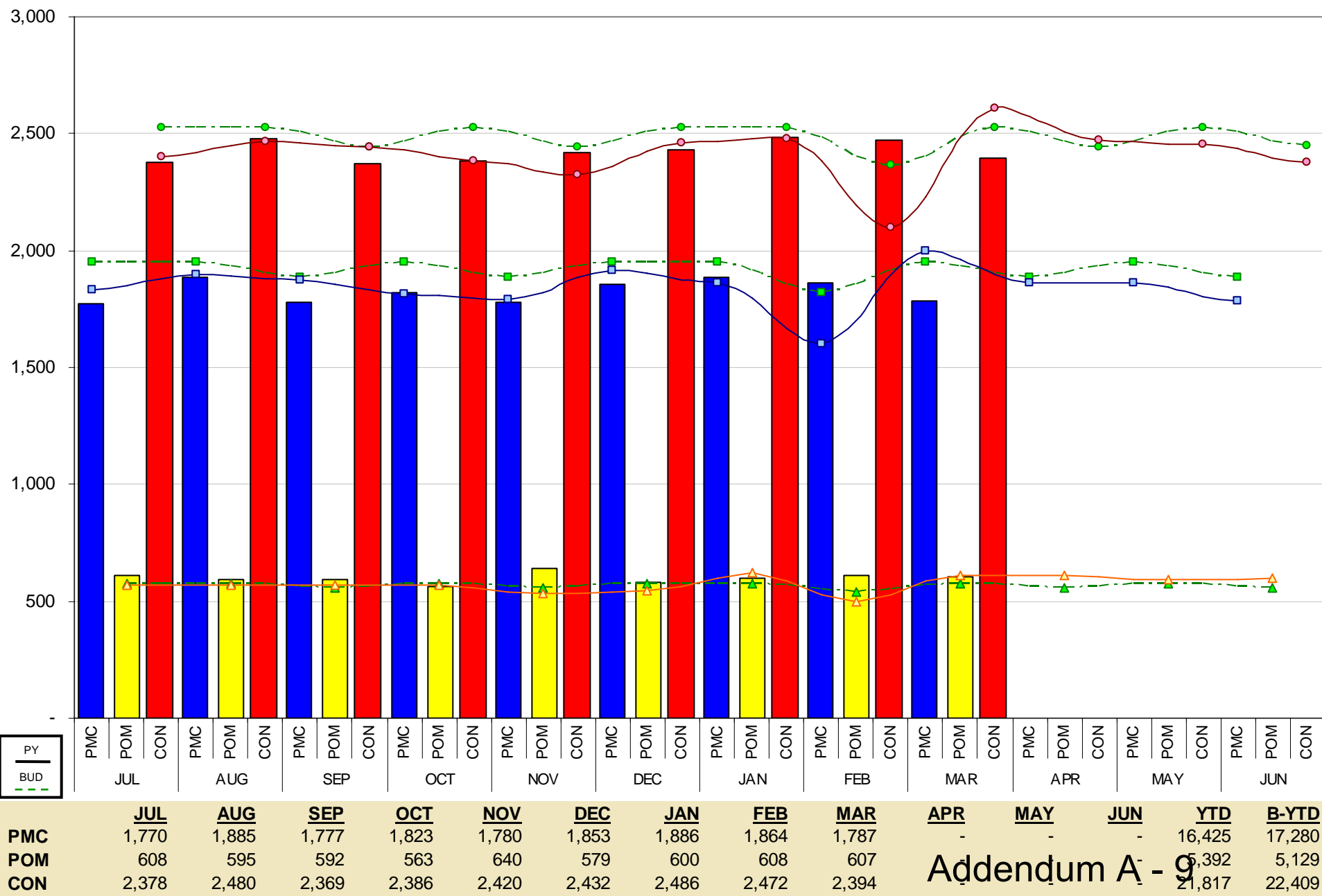
## PPH South Indicators:

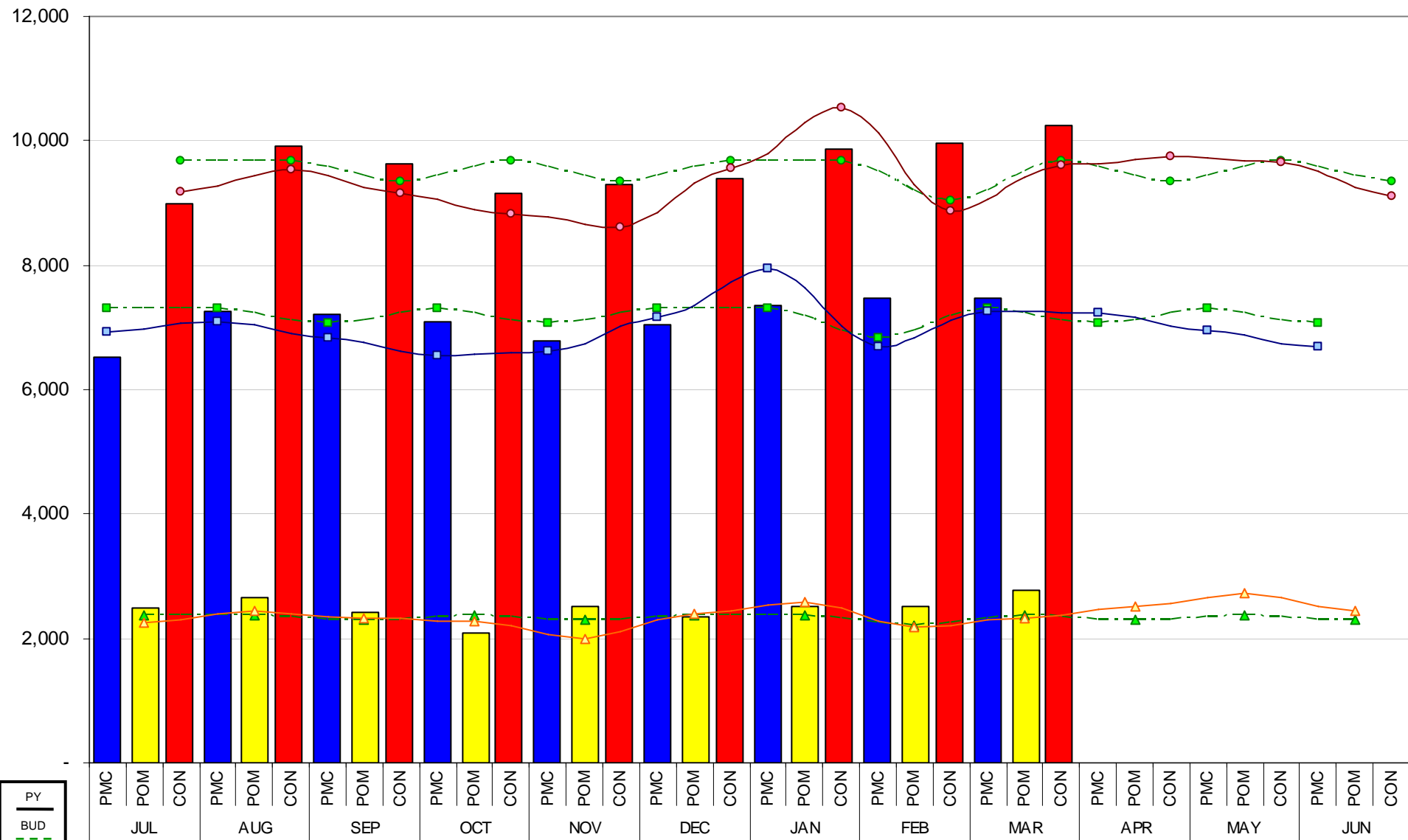
|             |             |             |             |             |           |        |                             |          |             |          |        |          |
|-------------|-------------|-------------|-------------|-------------|-----------|--------|-----------------------------|----------|-------------|----------|--------|----------|
| 2.0%        | 3.3%        | 12.3%       | 4.3%        | 6.5%        | (2.2%)    | 66.2%  | OEBITDA Margin w/Prop Tax   | 5.0%     | 5.6%        | (0.6%)   | 89.3%  | 6.8%     |
| \$ 2,800.60 | \$ 2,622.56 | \$ 2,354.27 | \$ 2,268.94 | \$ 2,542.27 | \$ 273.33 | 89.2%  | Expenses/Wtd Day            | 2,531.81 | \$ 2,571.88 | \$ 40.07 | 98.4%  | 2,420.05 |
| \$ 1,534.66 | \$ 1,314.90 | \$ 1,189.85 | \$ 1,152.19 | \$ 1,303.06 | \$ 150.87 | 88.4%  | SWB/Wtd Day                 | 1,295.00 | \$ 1,303.35 | \$ 8.35  | 99.4%  | 1,257.01 |
| 6.65        | 5.96        | 6.06        | 5.78        | 6.04        | 0.26      | 95.7%  | Prod FTE's/Adj Occupied Bed | 6.10     | 6.07        | (0.03)   | 100.5% | 5.41     |
| 3,698       | 3,875       | 3,886       | 4,289       | 3,702       | 587       | 115.9% | Weighted Patient Days       | 34,753   | 33,355      | 1,398    | 105.2% | 33,048   |

Weighted Patient Days is compared with Prior Year Actual

# Statistical Indicators

## Admissions – Acute



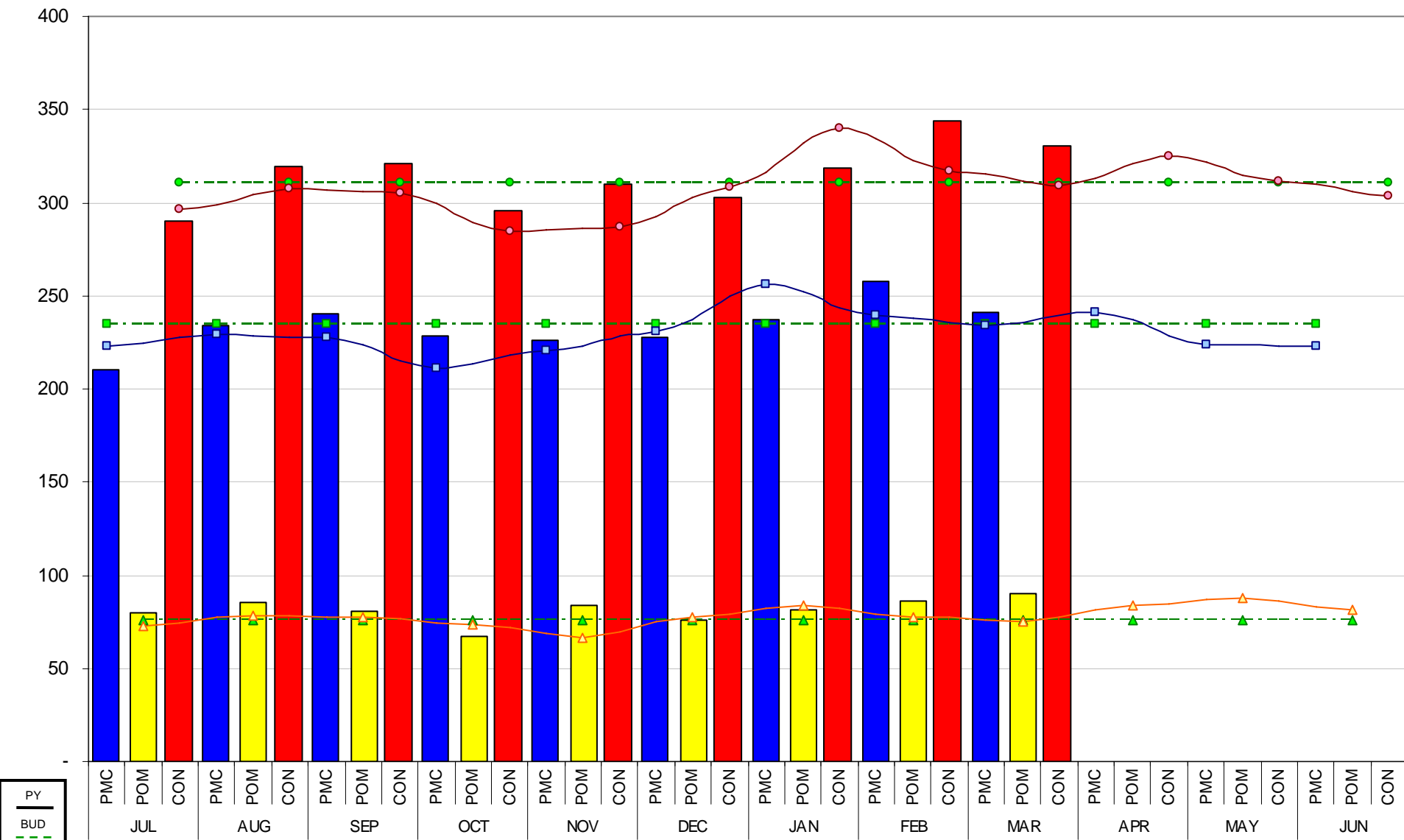
Statistical Indicators  
Patient Days – Acute

|     | JUL   | AUG   | SEP   | OCT   | NOV   | DEC   | JAN   | FEB   | MAR    | APR | MAY | JUN | YTD    | B-YTD  |
|-----|-------|-------|-------|-------|-------|-------|-------|-------|--------|-----|-----|-----|--------|--------|
| PMC | 6,516 | 7,255 | 7,205 | 7,081 | 6,789 | 7,049 | 7,351 | 7,466 | 7,468  | -   | -   | -   | 64,180 | 64,736 |
| POM | 2,484 | 2,655 | 2,412 | 2,080 | 2,502 | 2,348 | 2,525 | 2,504 | 2,786  | -   | -   | -   | 21,005 | 21,005 |
| CON | 9,000 | 9,910 | 9,617 | 9,161 | 9,291 | 9,397 | 9,876 | 9,970 | 10,254 | -   | -   | -   | 86,476 | 85,741 |

Addendum A - 10

# Statistical Indicators

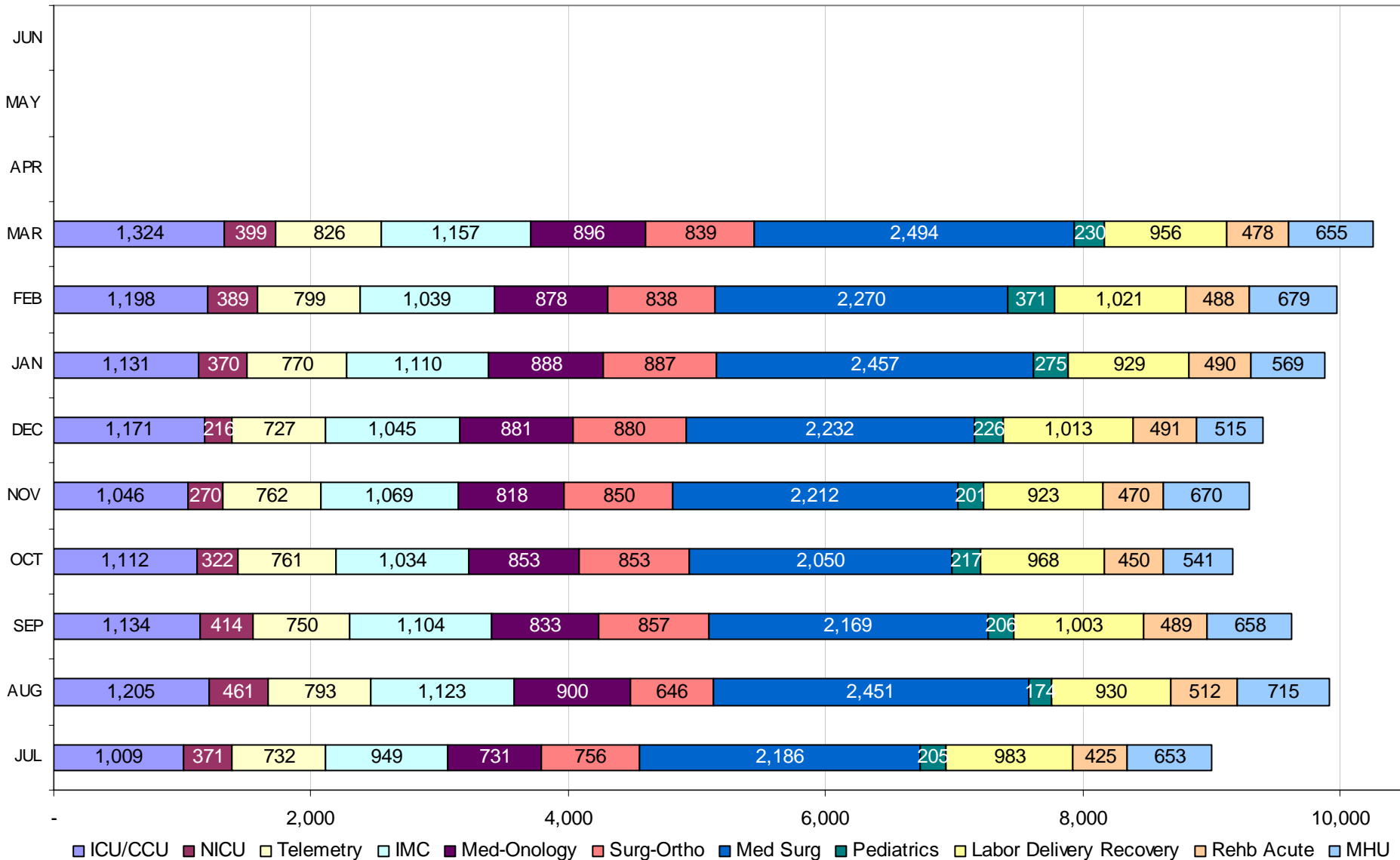
## Average Daily Census – Acute



|     | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD | B-YTD |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| PMC | 210 | 234 | 240 | 228 | 226 | 227 | 237 | 257 | 241 | -   | -   | -   | 233 | 235   |
| POM | 80  | 86  | 80  | 67  | 83  | 76  | 81  | 86  | 90  | -   | -   | -   | 81  | 76    |
| CON | 290 | 320 | 321 | 296 | 310 | 303 | 319 | 344 | 331 | -   | -   | -   | 314 | 312   |

# Statistical Indicators

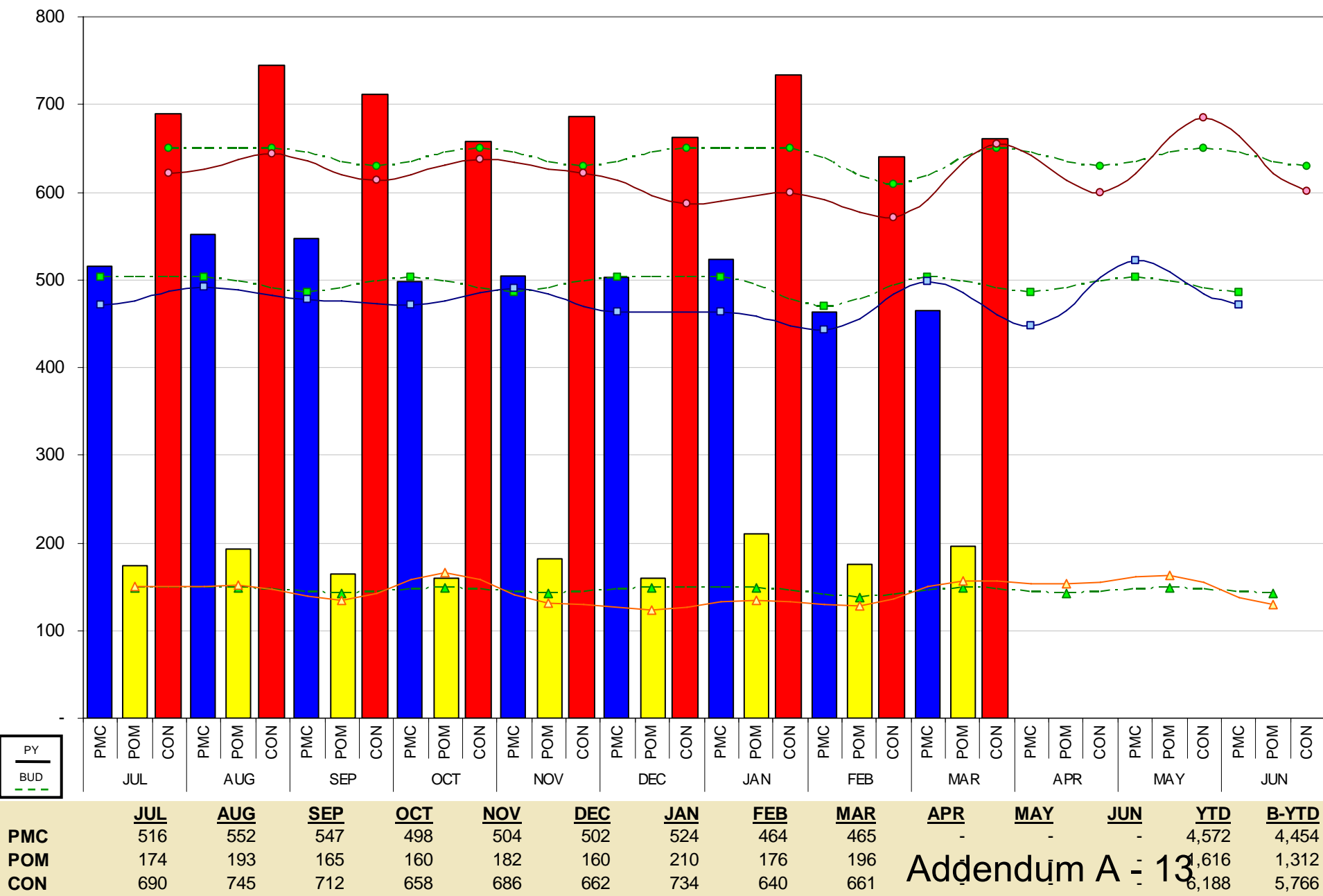
## Patient Days



|     | <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> |
|-----|------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------------|------------|------------|------------|--------------|
| PMC | 6,516      | 7,255      | 7,205      | 7,081      | 6,789      | 7,049      | 7,351      | 7,466      | 7,468      | -               | -          | -          | 64,180     | 64,736       |
| POM | 2,484      | 2,655      | 2,412      | 2,080      | 2,502      | 2,348      | 2,525      | 2,504      | 2,786      | Addendum A - 12 |            |            |            | 21,005       |
| CON | 9,000      | 9,910      | 9,617      | 9,161      | 9,291      | 9,397      | 9,876      | 9,970      | 10,254     | -               | -          | -          | 66,476     | 85,741       |

## Statistical Indicators

## Surgeries (Inpatient only)



## Statistical Indicators

## Surgeries (Outpatient only)

1,200

## Escondido Surgery Center

Mar-08 MTD

| Actual | Budget |
|--------|--------|
| 386    | 424    |

\*Started in December 2007

800

600

400

200

-

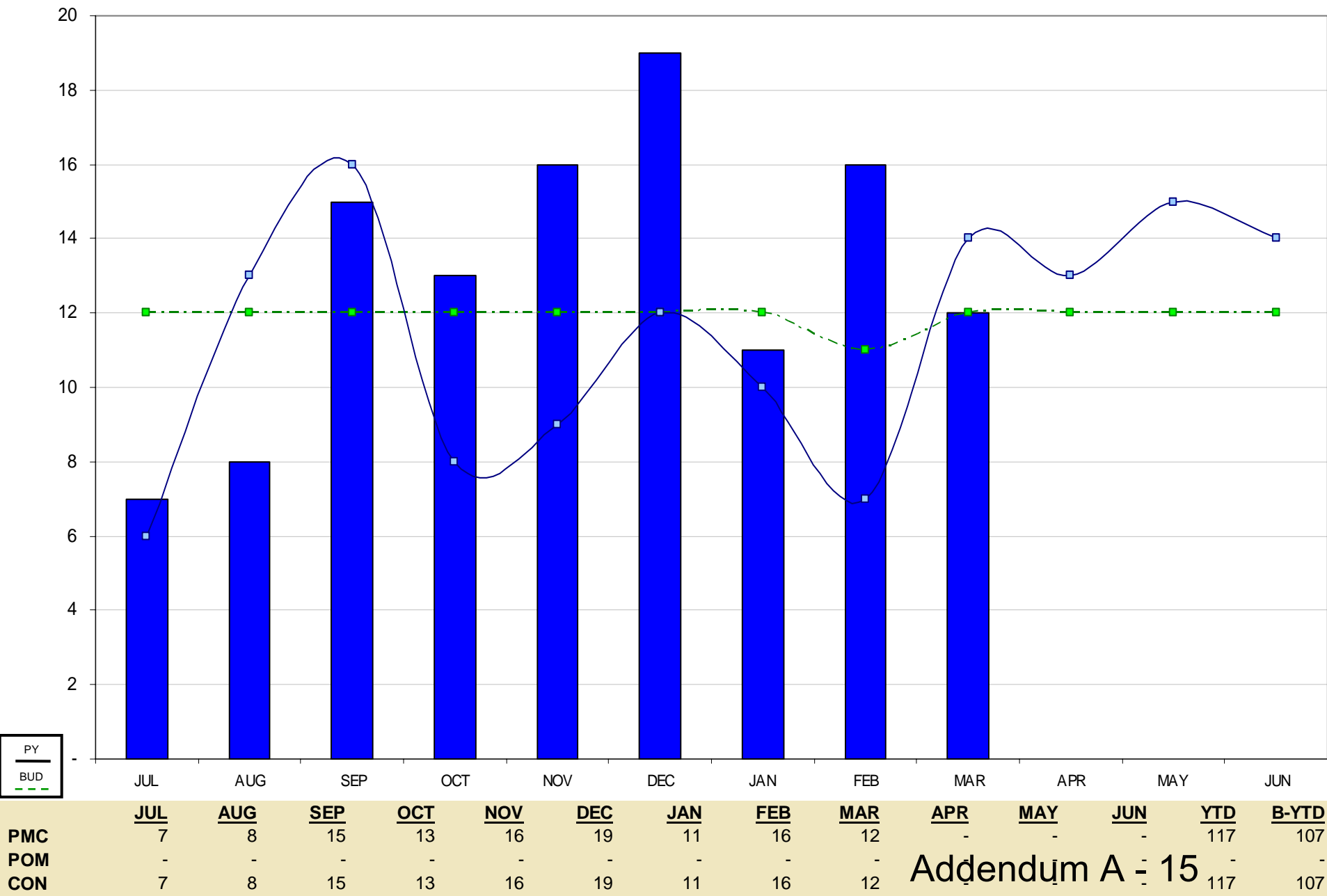
| PY | BUD |
|----|-----|
| —  | —   |

|     | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD   | B-YTD |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|-------|
| PMC | 176 | 190 | 123 | 141 | 155 | 477 | 567 | 519 | 577 | -   | -   | -   | 2,925 | 3,152 |
| POM | 356 | 425 | 363 | 350 | 430 | 364 | 411 | 435 | 416 | -   | -   | -   | 3,550 | 3,745 |
| CON | 532 | 615 | 486 | 491 | 585 | 841 | 978 | 954 | 993 | -   | -   | -   | 6,475 | 6,897 |

Addendum A - 14

# Statistical Indicators

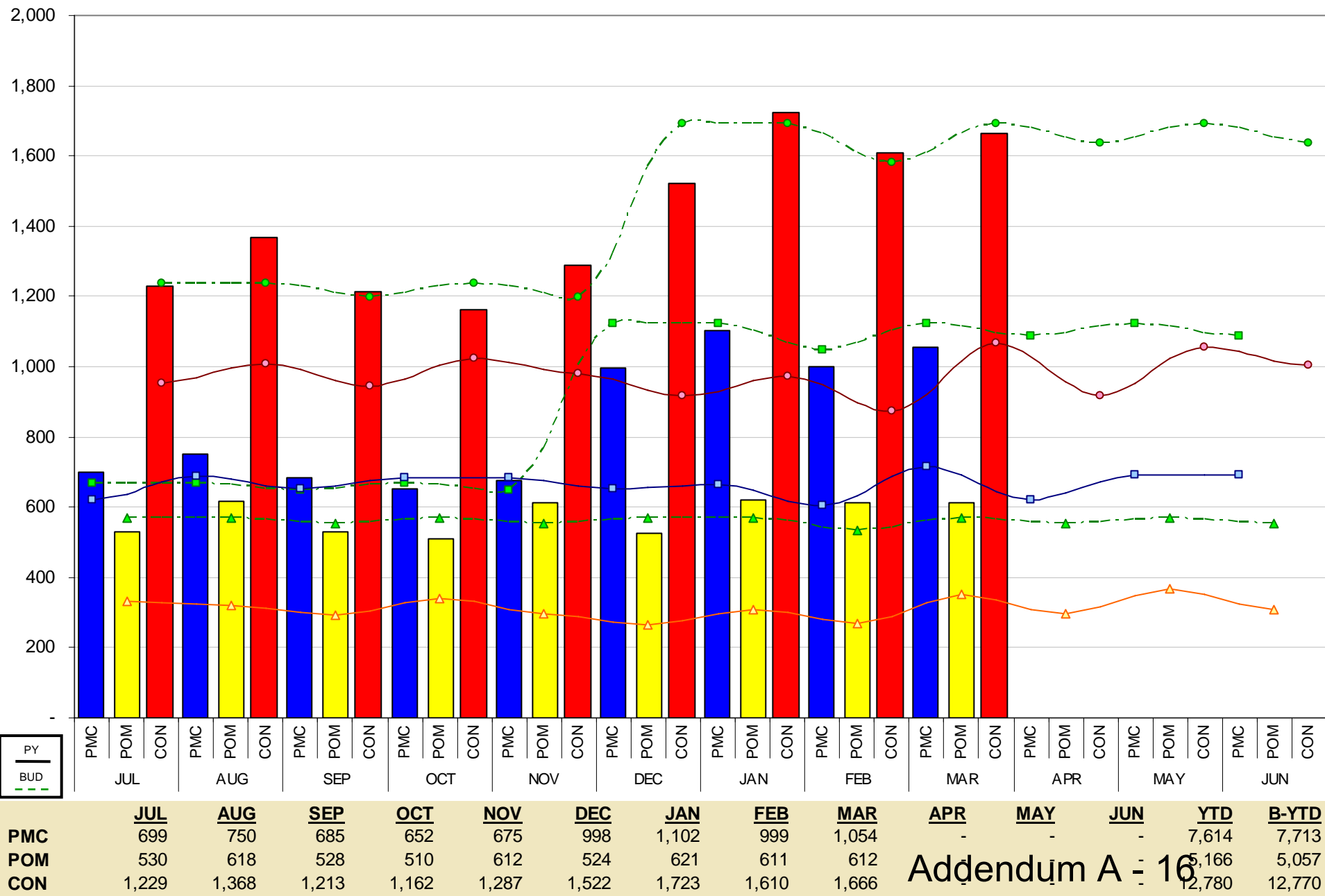
## Surgeries – CVS (PMC only)



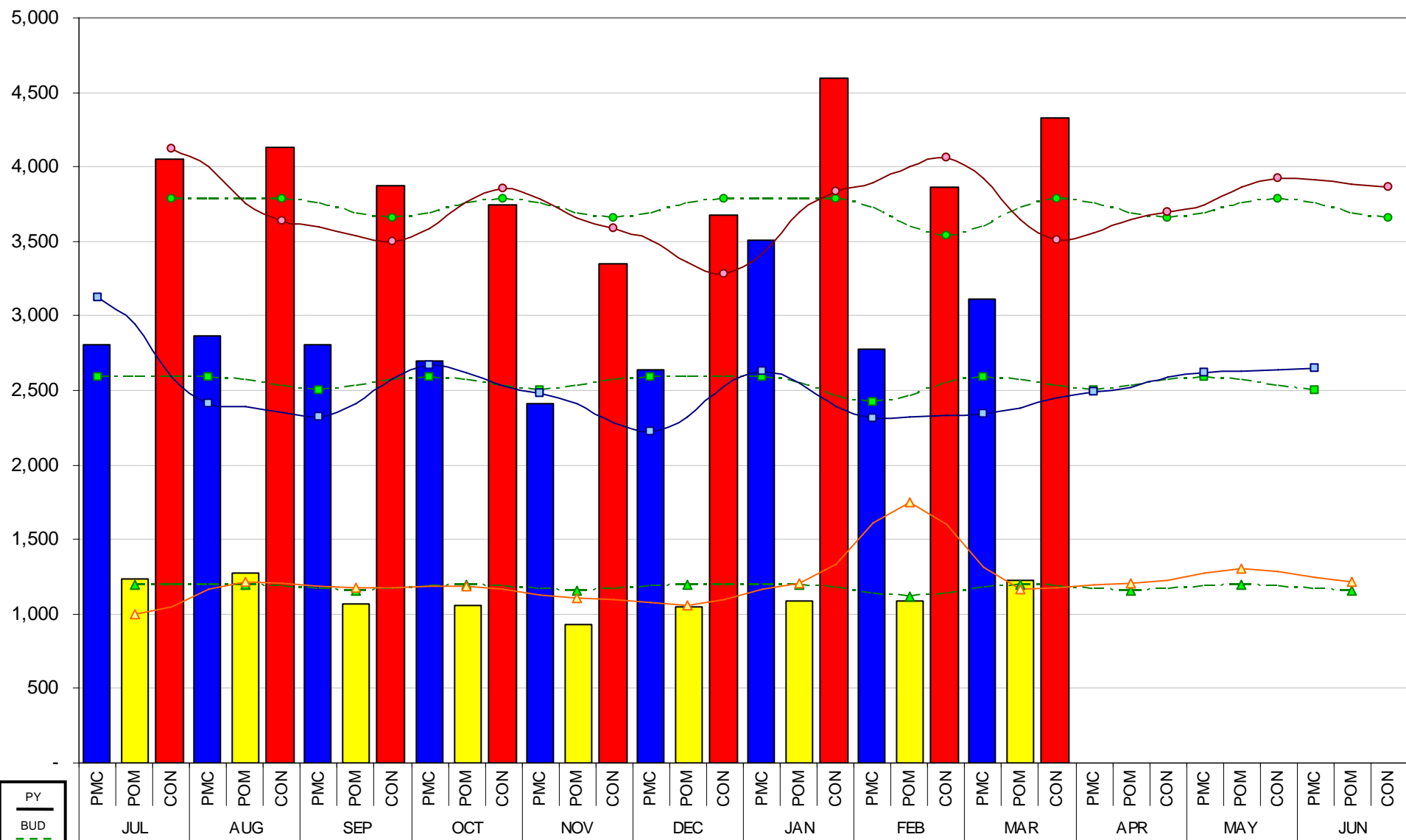


## Statistical Indicators

## Total Surgeries



## Statistical Indicators

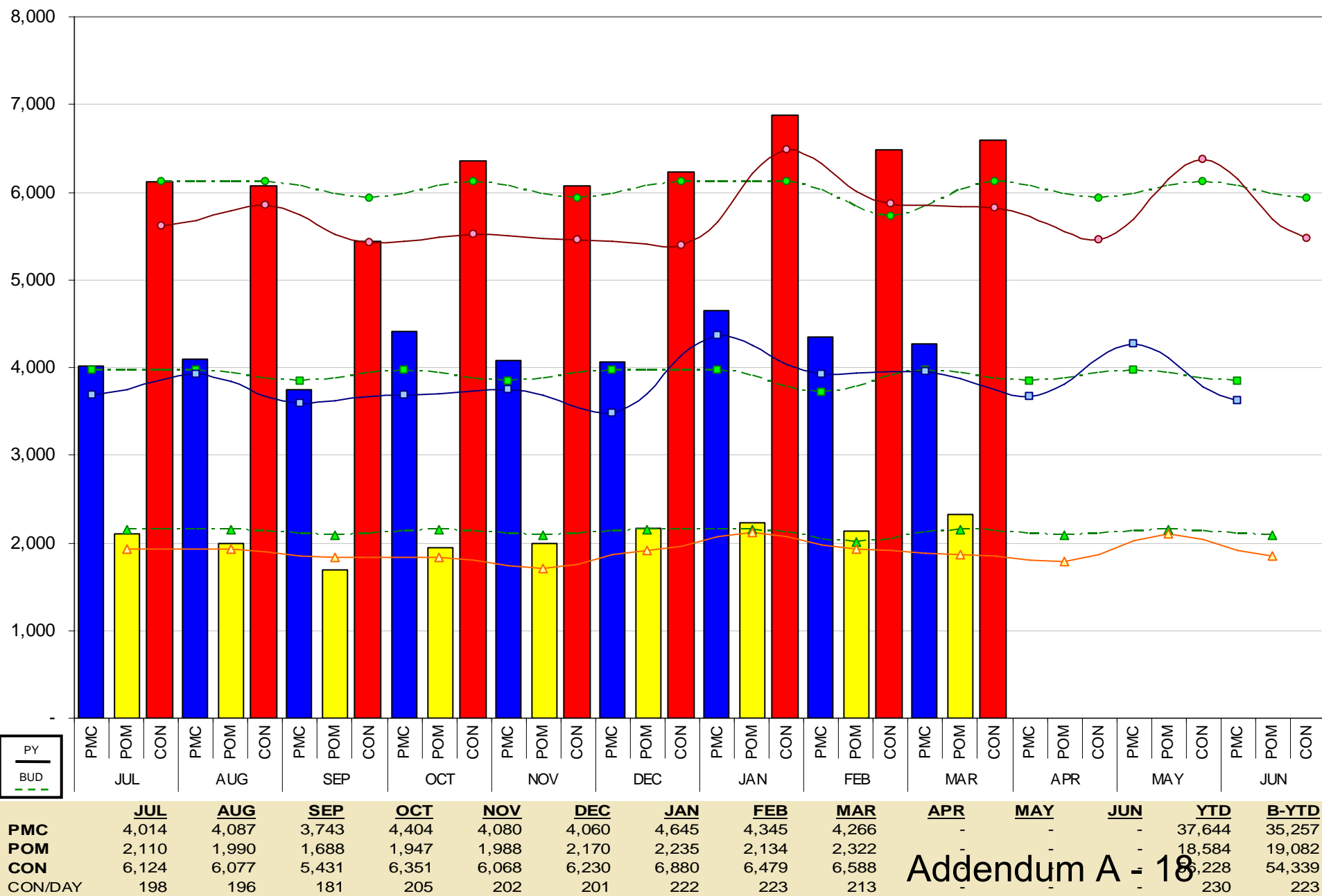
Outpatient Registrations (*excludes Lab*)

|     | JUL   | AUG   | SEP   | OCT   | NOV   | DEC   | JAN   | FEB   | MAR   | APR | MAY | JUN | YTD    | B-YTD  |
|-----|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|-----|-----|--------|--------|
| PMC | 2,811 | 2,861 | 2,808 | 2,693 | 2,414 | 2,635 | 3,510 | 2,774 | 3,110 | -   | -   | -   | 25,616 | 22,957 |
| POM | 1,238 | 1,274 | 1,066 | 1,057 | 932   | 1,044 | 1,085 | 1,086 | 1,223 | -   | -   | -   | 10,005 | 10,593 |
| CON | 4,049 | 4,135 | 3,874 | 3,750 | 3,346 | 3,679 | 4,595 | 3,860 | 4,333 | -   | -   | -   | 35,621 | 33,550 |

Addendum A - 17

# Statistical Indicators

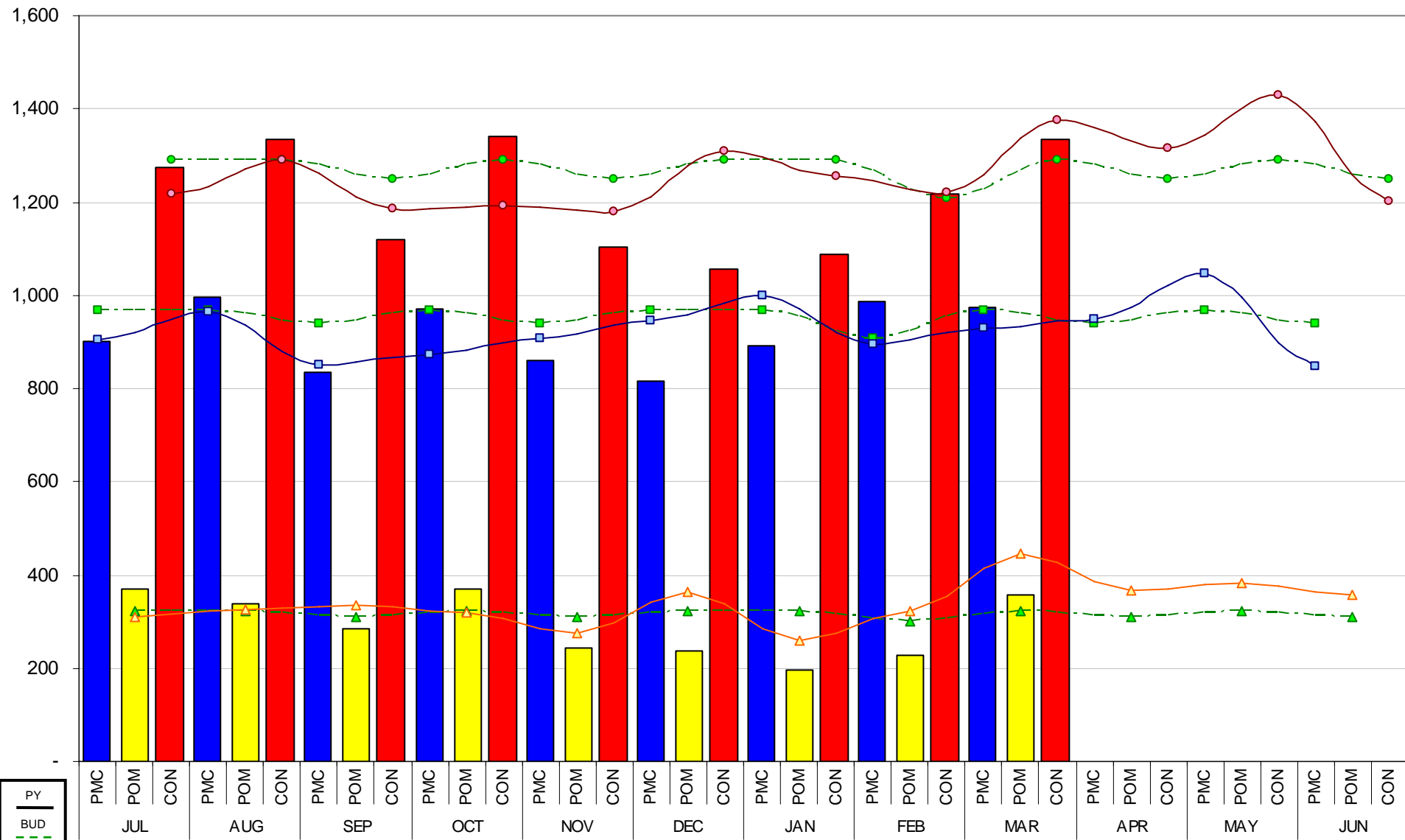
ER Visits *(includes Trauma, Outpatient only)*



Addendum A - 18

# Statistical Indicators

ER Admissions *(includes Trauma, Inpatient only)*

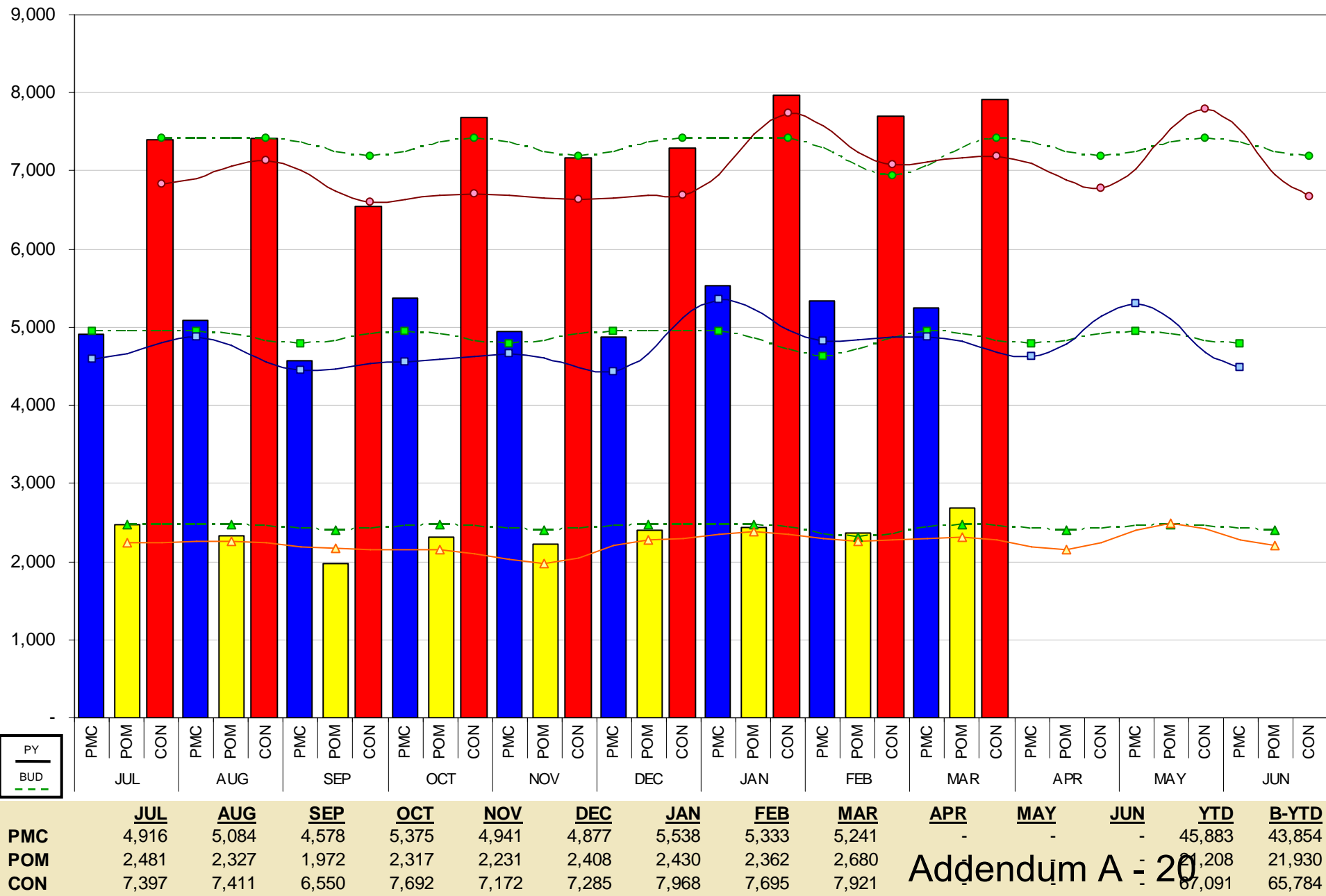


|     | JUL   | AUG   | SEP   | OCT   | NOV   | DEC   | JAN   | FEB   | MAR   | APR | MAY | JUN | YTD    | B-YTD  |
|-----|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|-----|-----|--------|--------|
| PMC | 902   | 997   | 835   | 971   | 861   | 817   | 893   | 988   | 975   | -   | -   | -   | 8,239  | 8,597  |
| POM | 371   | 337   | 284   | 370   | 243   | 238   | 195   | 228   | 358   | -   | -   | -   | 2,624  | 2,848  |
| CON | 1,273 | 1,334 | 1,119 | 1,341 | 1,104 | 1,055 | 1,088 | 1,216 | 1,333 | -   | -   | -   | 10,863 | 11,445 |

Addendum A - 19

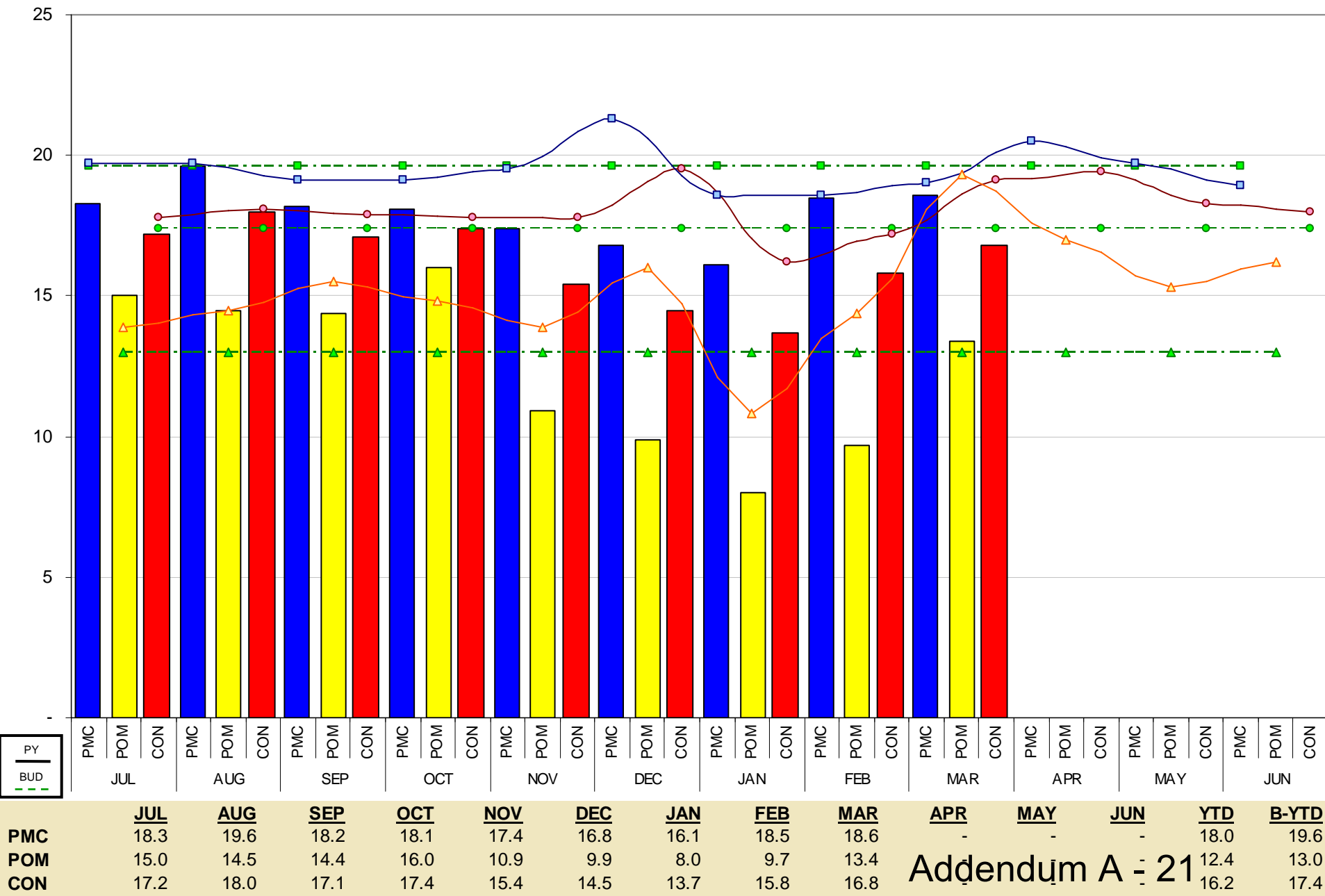
## Statistical Indicators

## Total ER Visits (includes Trauma &amp; Admissions)

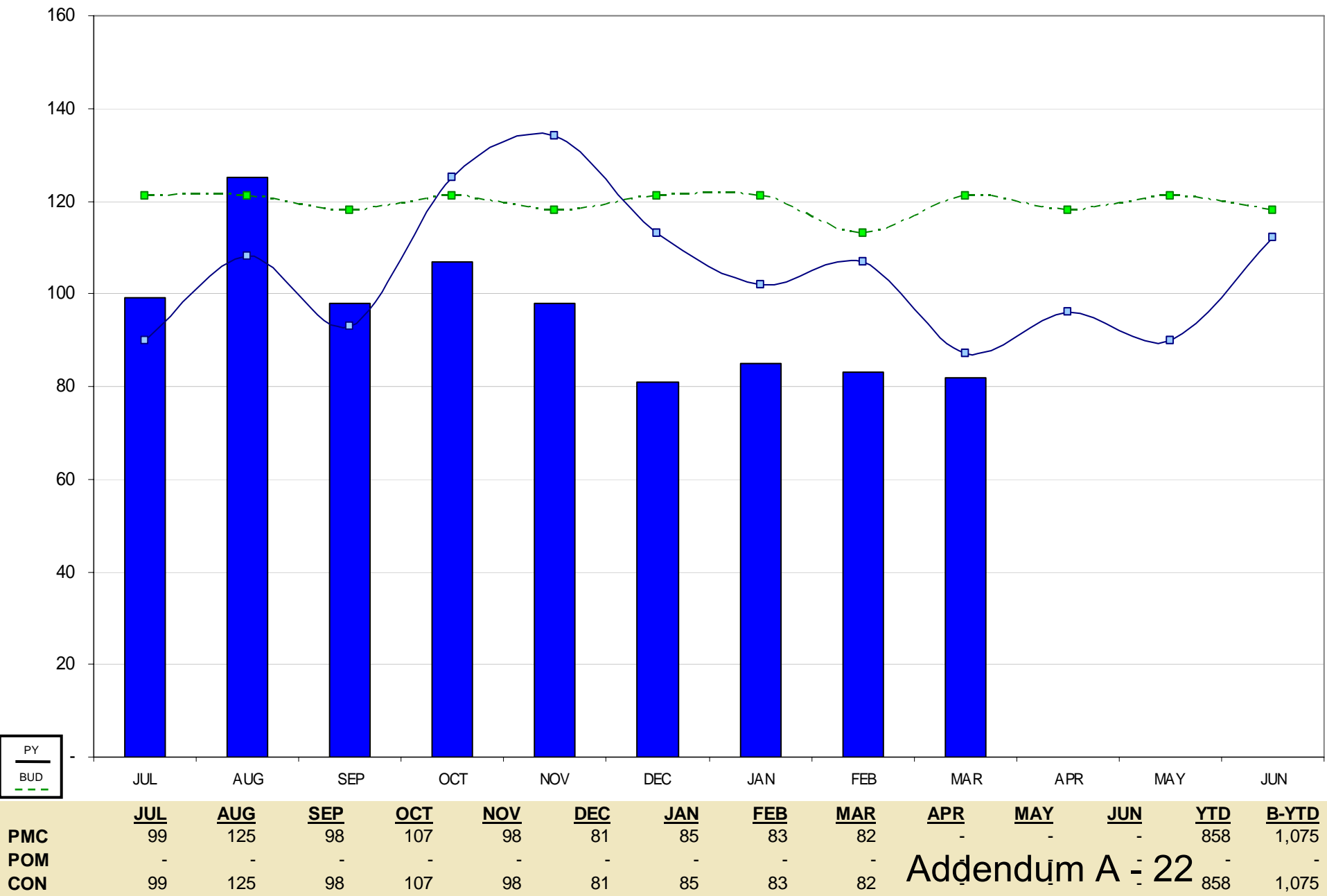


# Statistical Indicators

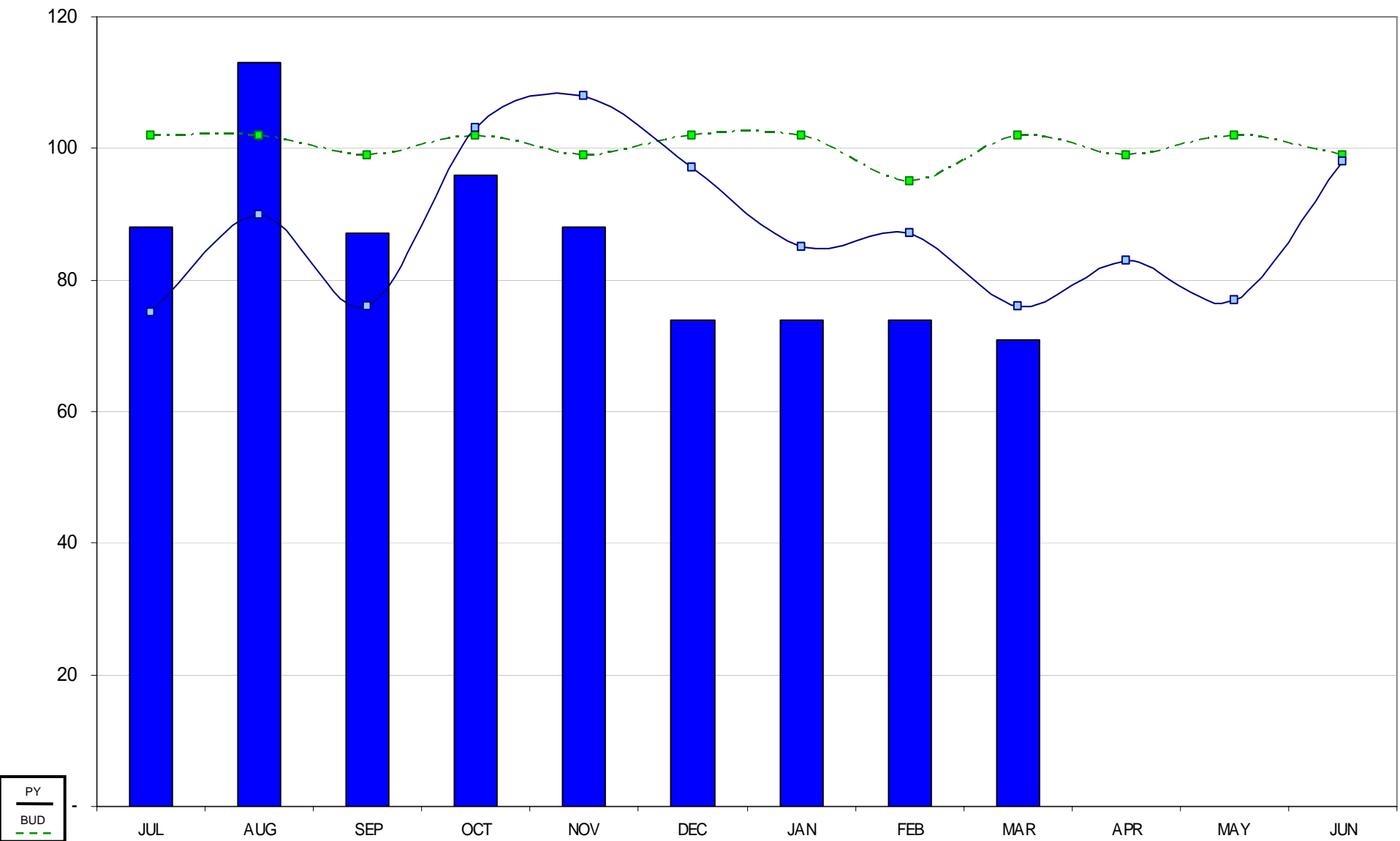
## ER Conversion (ER Admits as % of ER Visits)



Statistical Indicators  
Trauma Cases (PMC only)



Statistical Indicators  
Trauma Admissions (PMC only)



PY  
BUD

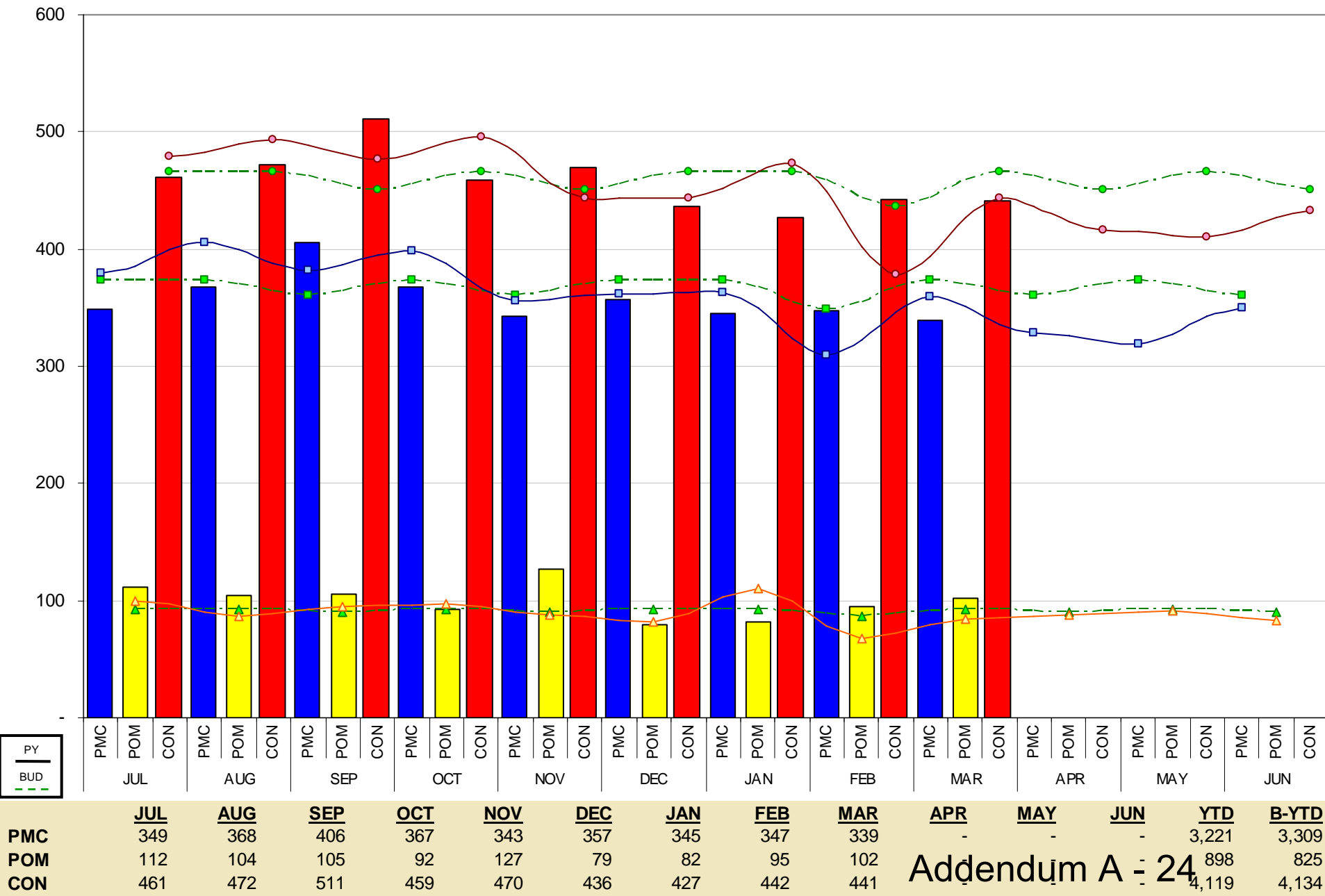
|     | <u>JUL</u> | <u>AUG</u> | <u>SEP</u> | <u>OCT</u> | <u>NOV</u> | <u>DEC</u> | <u>JAN</u> | <u>FEB</u> | <u>MAR</u> | <u>APR</u> | <u>MAY</u> | <u>JUN</u> | <u>YTD</u> | <u>B-YTD</u> |
|-----|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| PMC | 88         | 113        | 87         | 96         | 88         | 74         | 74         | 74         | 71         | -          | -          | -          | 765        | 905          |
| POM | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -            |
| CON | 88         | 113        | 87         | 96         | 88         | 74         | 74         | 74         | 71         | -          | -          | -          | 765        | 905          |

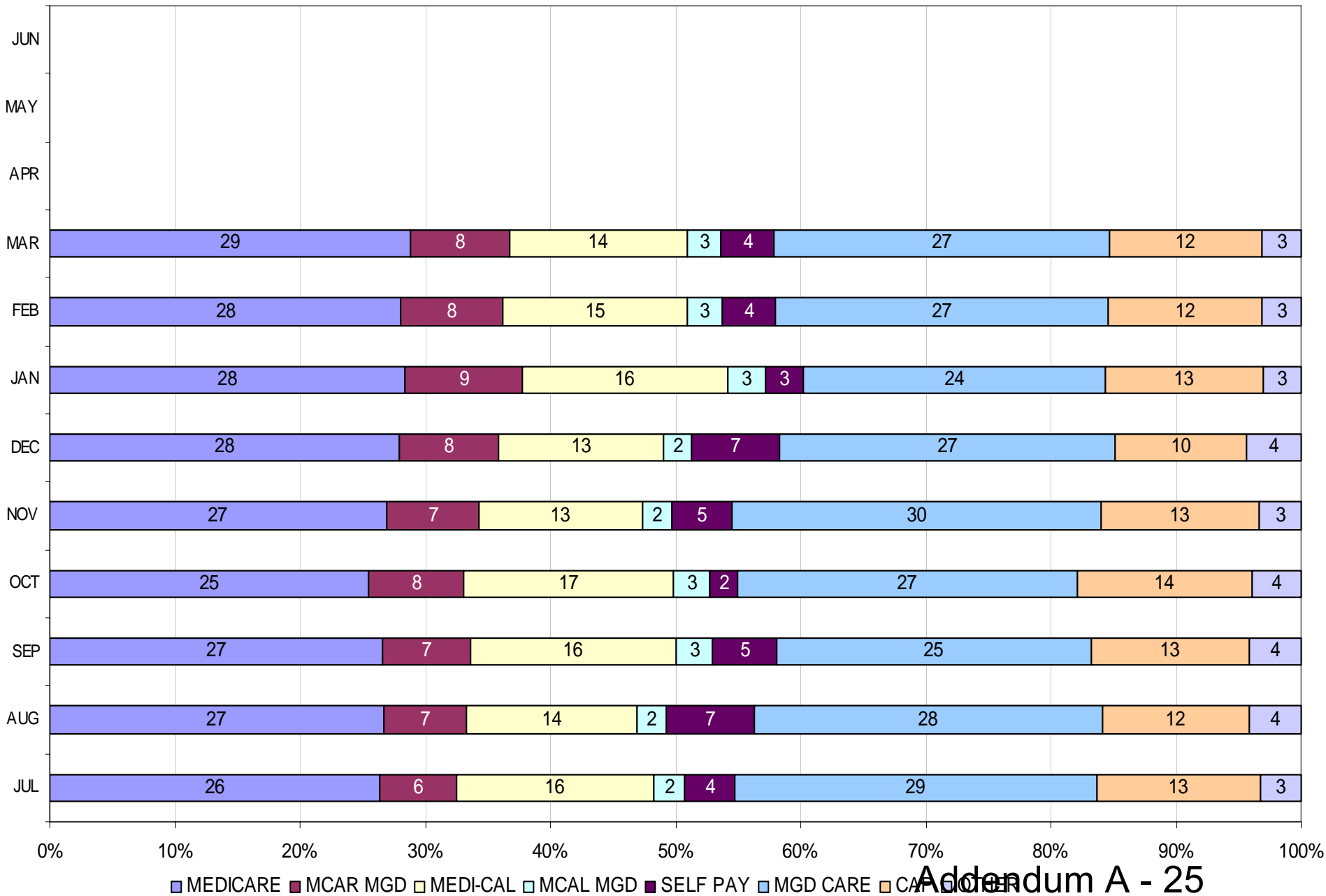
Addendum A - 23



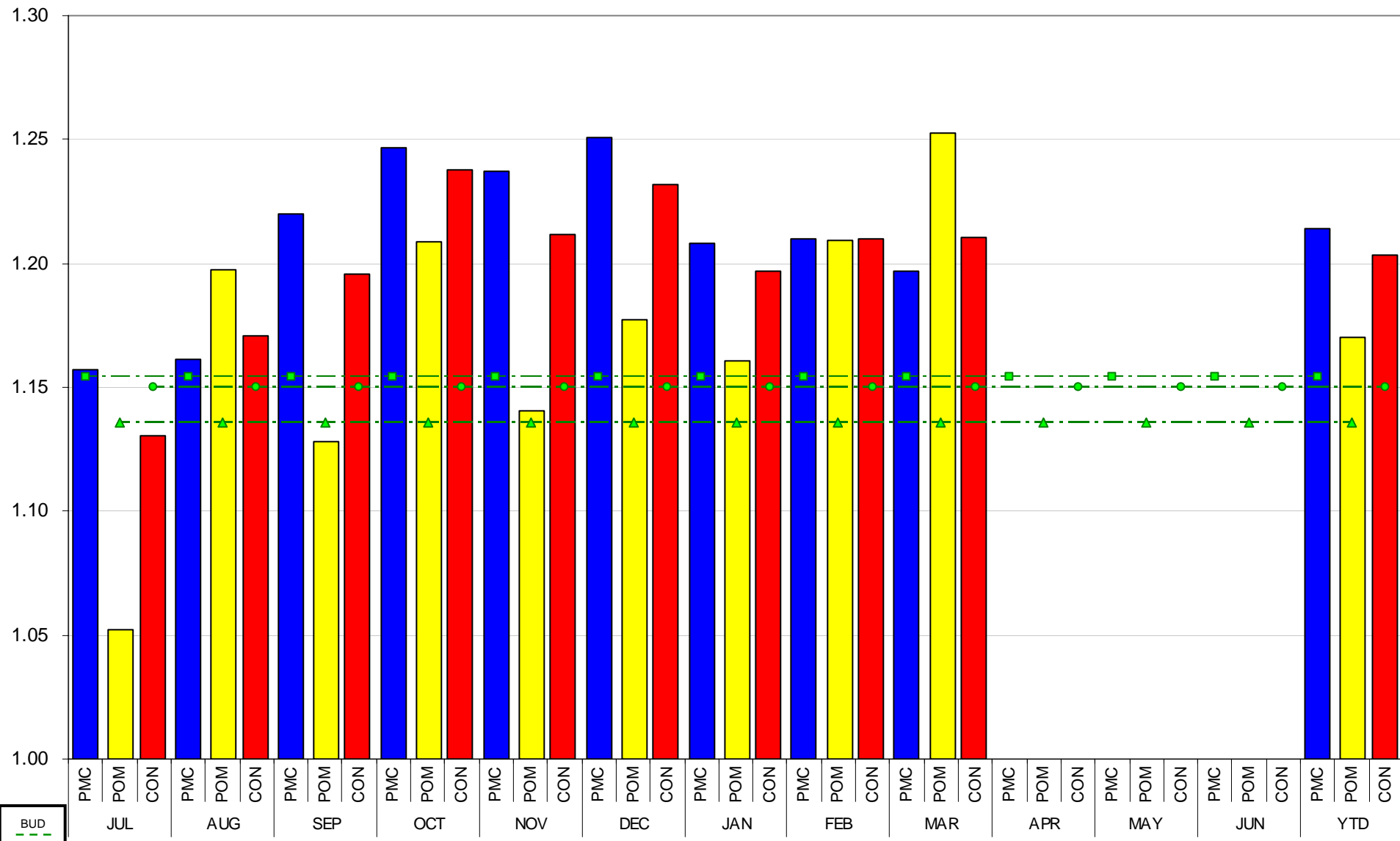
# Statistical Indicators

## Deliveries



Payor Mix  
Based on Gross Revenue

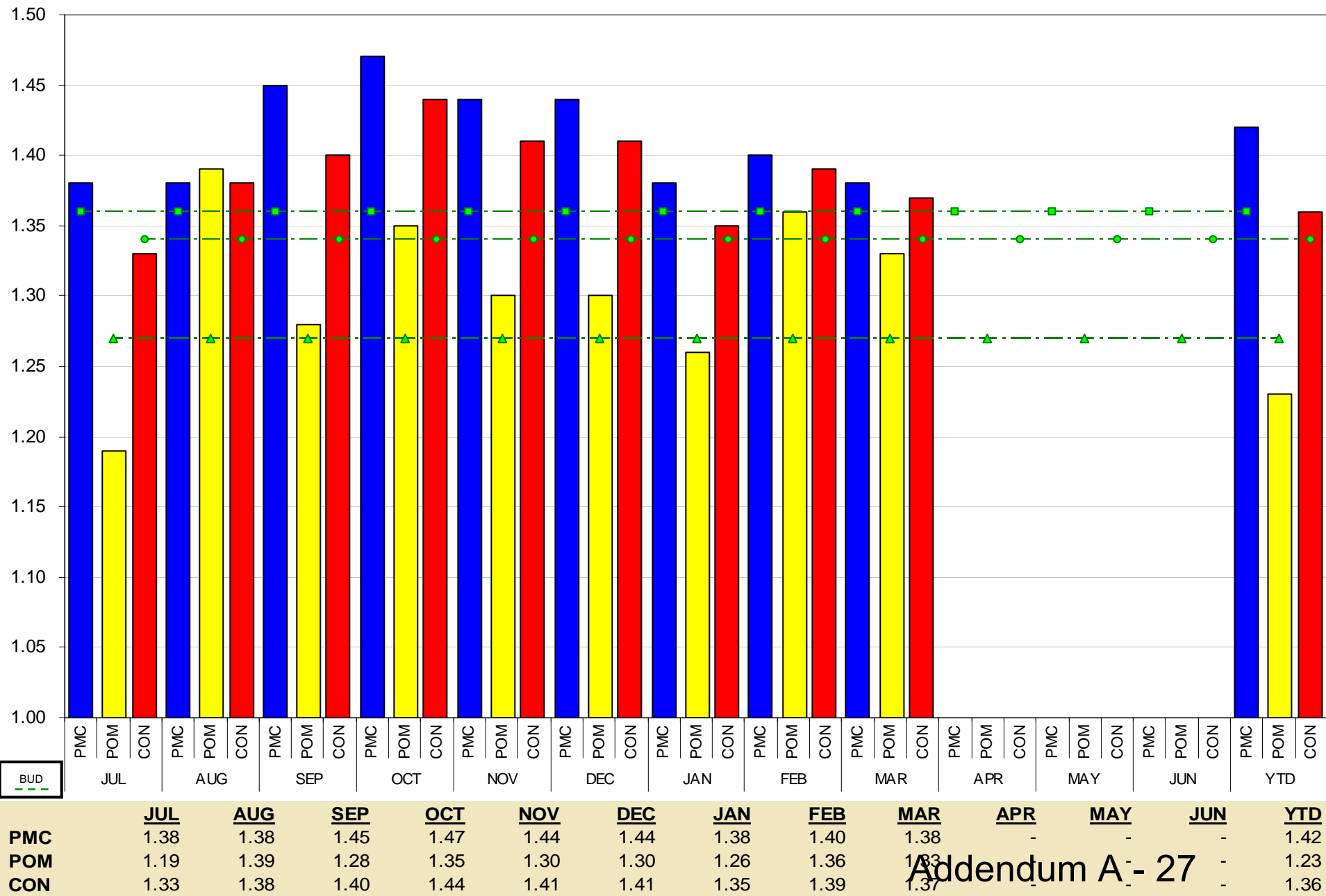
## Case Mix Index

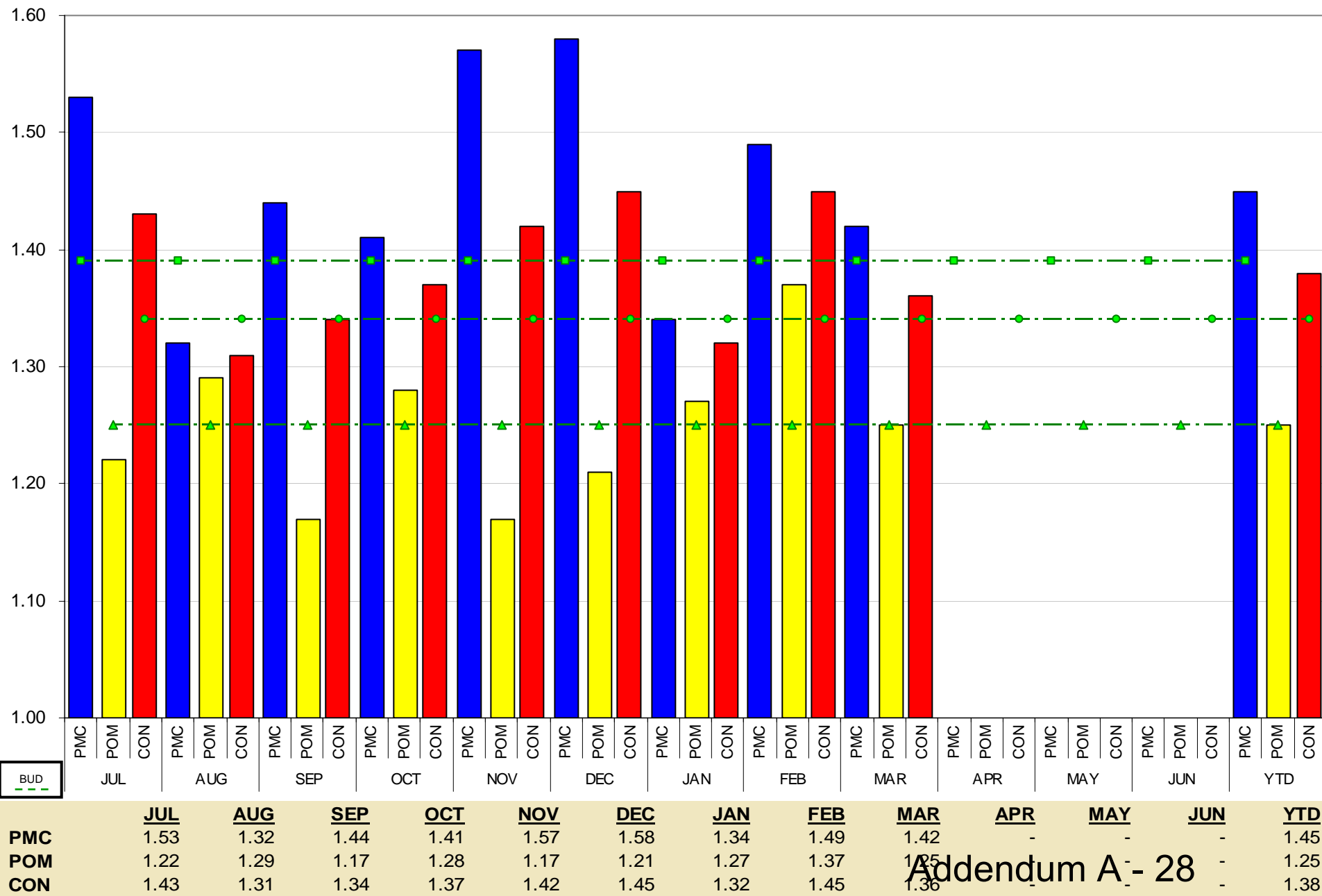


|     | JUL  | AUG  | SEP  | OCT  | NOV  | DEC  | JAN  | FEB  | MAR  | APR | MAY | JUN | YTD  |
|-----|------|------|------|------|------|------|------|------|------|-----|-----|-----|------|
| PMC | 1.16 | 1.16 | 1.22 | 1.25 | 1.24 | 1.25 | 1.21 | 1.21 | 1.20 | -   | -   | -   | 1.21 |
| POM | 1.05 | 1.20 | 1.13 | 1.21 | 1.14 | 1.18 | 1.16 | 1.21 | 1.25 | -   | -   | -   | 1.17 |
| CON | 1.13 | 1.17 | 1.20 | 1.24 | 1.21 | 1.23 | 1.20 | 1.21 | 1.21 | -   | -   | -   | 1.20 |

## Case Mix Index by Region

(excludes Deliveries)



Case Mix Index by Region  
Medicare

|                                     | <u>ACTUAL</u> | <u>BUDGET</u> | <u>VARIANCE</u> | <u>FY 2007</u> |
|-------------------------------------|---------------|---------------|-----------------|----------------|
| <b><u>ADMISSIONS - Acute:</u></b>   |               |               |                 |                |
| Palomar Medical Center              | 16,425        | 17,280        | (855)           | 16,578         |
| Pomerado Hospital                   | 5,392         | 5,129         | 263             | 5,087          |
| <b>Total:</b>                       | <u>21,817</u> | <u>22,409</u> | <u>(592)</u>    | <u>21,665</u>  |
| <b><u>ADMISSIONS - SNF:</u></b>     |               |               |                 |                |
| Palomar Medical Center              | 381           | 443           | (62)            | 447            |
| Pomerado Hospital                   | 423           | 419           | 4               | 415            |
| <b>Total:</b>                       | <u>804</u>    | <u>862</u>    | <u>(58)</u>     | <u>862</u>     |
| <b><u>PATIENT DAYS - Acute:</u></b> |               |               |                 |                |
| Palomar Medical Center              | 64,180        | 64,736        | (556)           | 63,046         |
| Pomerado Hospital                   | 22,296        | 21,005        | 1,291           | 20,808         |
| <b>Total:</b>                       | <u>86,476</u> | <u>85,741</u> | <u>735</u>      | <u>83,854</u>  |
| <b><u>PATIENT DAYS- SNF:</u></b>    |               |               |                 |                |
| Palomar Medical Center              | 23,051        | 24,129        | (1,078)         | 23,935         |
| Pomerado Hospital                   | 33,928        | 33,942        | (14)            | 33,822         |
| <b>Total:</b>                       | <u>56,979</u> | <u>58,071</u> | <u>(1,092)</u>  | <u>57,757</u>  |

|                                     | <u>ACTUAL</u>  | <u>BUDGET</u>  | <u>VARIANCE</u> | <u>FY 2007</u> |
|-------------------------------------|----------------|----------------|-----------------|----------------|
| <b><u>WEIGHTED PATIENT DAYS</u></b> |                |                |                 |                |
| Palomar Medical Center              | 83,998         | 82,342         | 1,656           | 80,153         |
| Pomerado Hospital                   | 34,753         | 33,355         | 1,398           | 33,822         |
| Other Activities                    | 1,955          | 1,908          | 47              | 1,541          |
| <b>Total:</b>                       | <u>120,706</u> | <u>117,605</u> | <u>3,101</u>    | <u>115,516</u> |

|                                   |               |               |              |               |
|-----------------------------------|---------------|---------------|--------------|---------------|
| <b><u>ADJUSTED DISCHARGES</u></b> |               |               |              |               |
| Palomar Medical Center            | 21,549        | 21,995        | (446)        | 21,304        |
| Pomerado Hospital                 | 7,987         | 7,696         | 291          | 7,674         |
| Other Activities                  | 609           | 662           | (53)         | 750           |
| <b>Total:</b>                     | <u>30,145</u> | <u>30,353</u> | <u>(208)</u> | <u>29,728</u> |

|                                              |             |             |             |             |
|----------------------------------------------|-------------|-------------|-------------|-------------|
| <b><u>AVERAGE LENGTH OF STAY- Acute:</u></b> |             |             |             |             |
| Palomar Medical Center                       | 3.89        | 3.75        | 0.14        | 3.76        |
| Pomerado Hospital                            | 4.10        | 4.10        | -           | 4.06        |
| <b>Total:</b>                                | <u>3.94</u> | <u>3.83</u> | <u>0.11</u> | <u>3.83</u> |

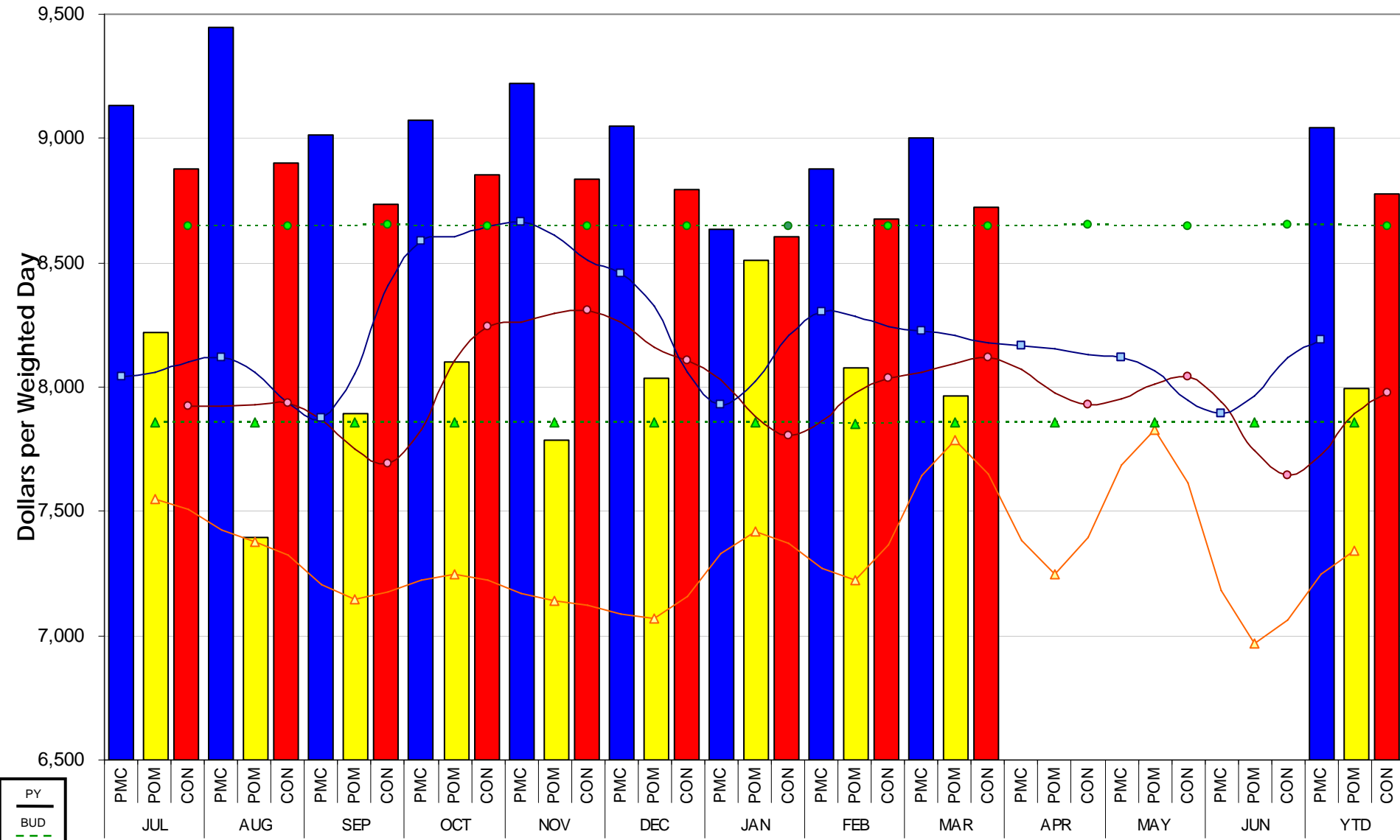
|                                             |              |              |             |              |
|---------------------------------------------|--------------|--------------|-------------|--------------|
| <b><u>AVERAGE LENGTH OF STAY - SNF:</u></b> |              |              |             |              |
| Palomar Medical Center                      | 61.63        | 55.60        | 6.03        | 55.02        |
| Pomerado Hospital                           | 80.40        | 81.01        | (0.61)      | 80.53        |
| <b>Total:</b>                               | <u>71.58</u> | <u>68.08</u> | <u>3.50</u> | <u>67.55</u> |

|                                                         | <u>ACTUAL</u> | <u>BUDGET</u> | <u>VARIANCE</u> | <u>FY 2007</u> |
|---------------------------------------------------------|---------------|---------------|-----------------|----------------|
| <b><u>EMERGENCY ROOM VISITS &amp; TRAUMA CASES:</u></b> |               |               |                 |                |
| Palomar Medical Center                                  | 37,644        | 35,257        | 2,387           | 34,343         |
| Pomerado Hospital                                       | 18,584        | 19,082        | (498)           | 17,047         |
| <b>Total:</b>                                           | <u>56,228</u> | <u>54,339</u> | <u>1,889</u>    | <u>51,390</u>  |
| <b><u>EMERGENCY &amp; TRAUMA ADMISSIONS:</u></b>        |               |               |                 |                |
| Palomar Medical Center                                  | 8,239         | 8,597         | (358)           | 8,263          |
| Pomerado Hospital                                       | 2,624         | 2,848         | (224)           | 2,956          |
| <b>Total:</b>                                           | <u>10,863</u> | <u>11,445</u> | <u>(582)</u>    | <u>11,219</u>  |
| <b><u>SURGERIES:</u></b>                                |               |               |                 |                |
| Palomar Medical Center                                  | 7,614         | 7,713         | (99)            | 5,959          |
| Pomerado Hospital                                       | 5,166         | 5,057         | 109             | 2,778          |
| <b>Total:</b>                                           | <u>12,780</u> | <u>12,770</u> | <u>10</u>       | <u>8,737</u>   |
| <b><u>BIRTHS:</u></b>                                   |               |               |                 |                |
| Palomar Medical Center                                  | 3,221         | 3,309         | (88)            | 3,316          |
| Pomerado Hospital                                       | 898           | 825           | 73              | 811            |
| <b>Total:</b>                                           | <u>4,119</u>  | <u>4,134</u>  | <u>(15)</u>     | <u>4,127</u>   |



## Weighted Patient Days

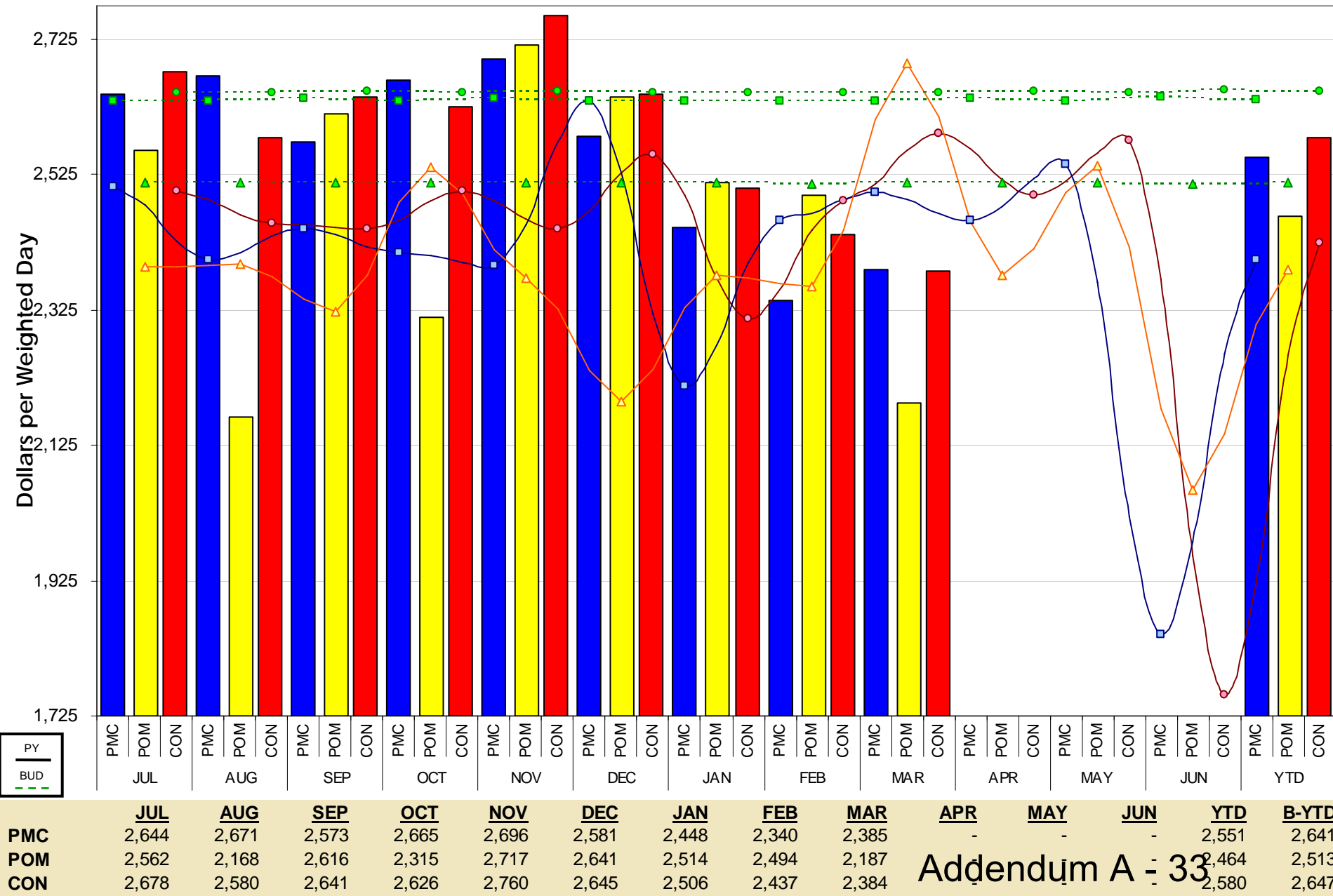
## Gross Patient Revenue per WPD



|     | JUL   | AUG   | SEP   | OCT   | NOV   | DEC   | JAN   | FEB   | MAR   | APR | MAY | JUN | YTD   | B-YTD |
|-----|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|-----|-----|-------|-------|
| PMC | 9,130 | 9,449 | 9,017 | 9,072 | 9,222 | 9,047 | 8,635 | 8,875 | 9,001 | -   | -   | -   | 9,046 | 8,902 |
| POM | 8,222 | 7,392 | 7,892 | 8,102 | 7,784 | 8,035 | 8,509 | 8,077 | 7,967 | -   | -   | -   | 7,992 | 7,857 |
| CON | 8,880 | 8,898 | 8,735 | 8,852 | 8,835 | 8,794 | 8,603 | 8,676 | 8,722 | -   | -   | -   | 8,775 | 8,646 |

## Weighted Patient Days

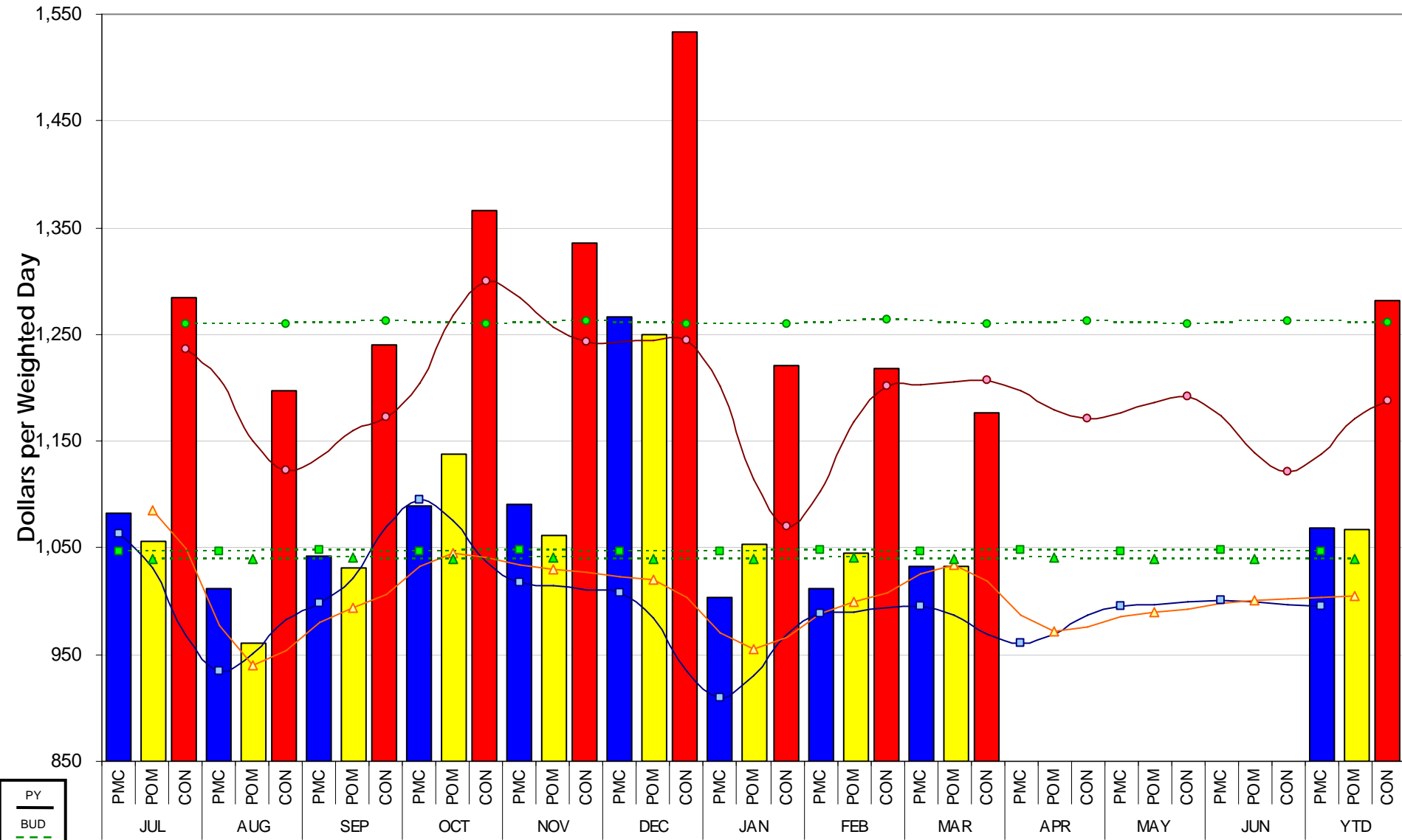
## Net Patient Revenue per WPD



# FISCAL YEAR 2008

## Weighted Patient Days

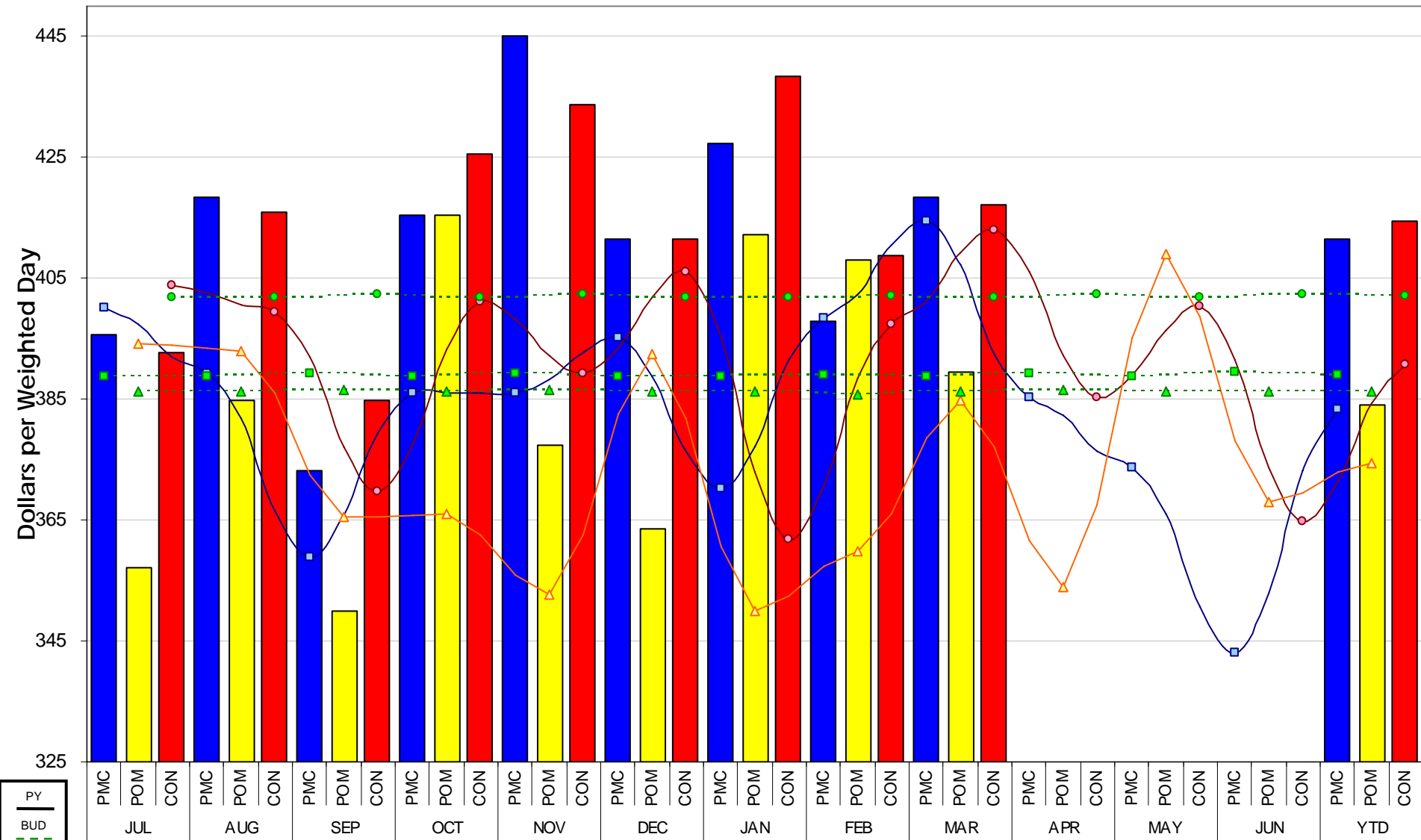
### Salaries, Wages & Contract Labor per WPD



|     | JUL   | AUG   | SEP   | OCT   | NOV   | DEC   | JAN   | FEB   | MAR   | APR | MAY | JUN | YTD   | B-YTD |
|-----|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|-----|-----|-------|-------|
| PMC | 1,082 | 1,012 | 1,042 | 1,089 | 1,090 | 1,267 | 1,004 | 1,012 | 1,032 | -   | -   | -   | 1,069 | 1,050 |
| POM | 1,056 | 961   | 1,031 | 1,138 | 1,062 | 1,249 | 1,054 | 1,045 | 1,033 | -   | -   | -   | 1,067 | 1,040 |
| CON | 1,284 | 1,197 | 1,240 | 1,366 | 1,335 | 1,533 | 1,221 | 1,217 | 1,176 | -   | -   | -   | 1,282 | 1,261 |

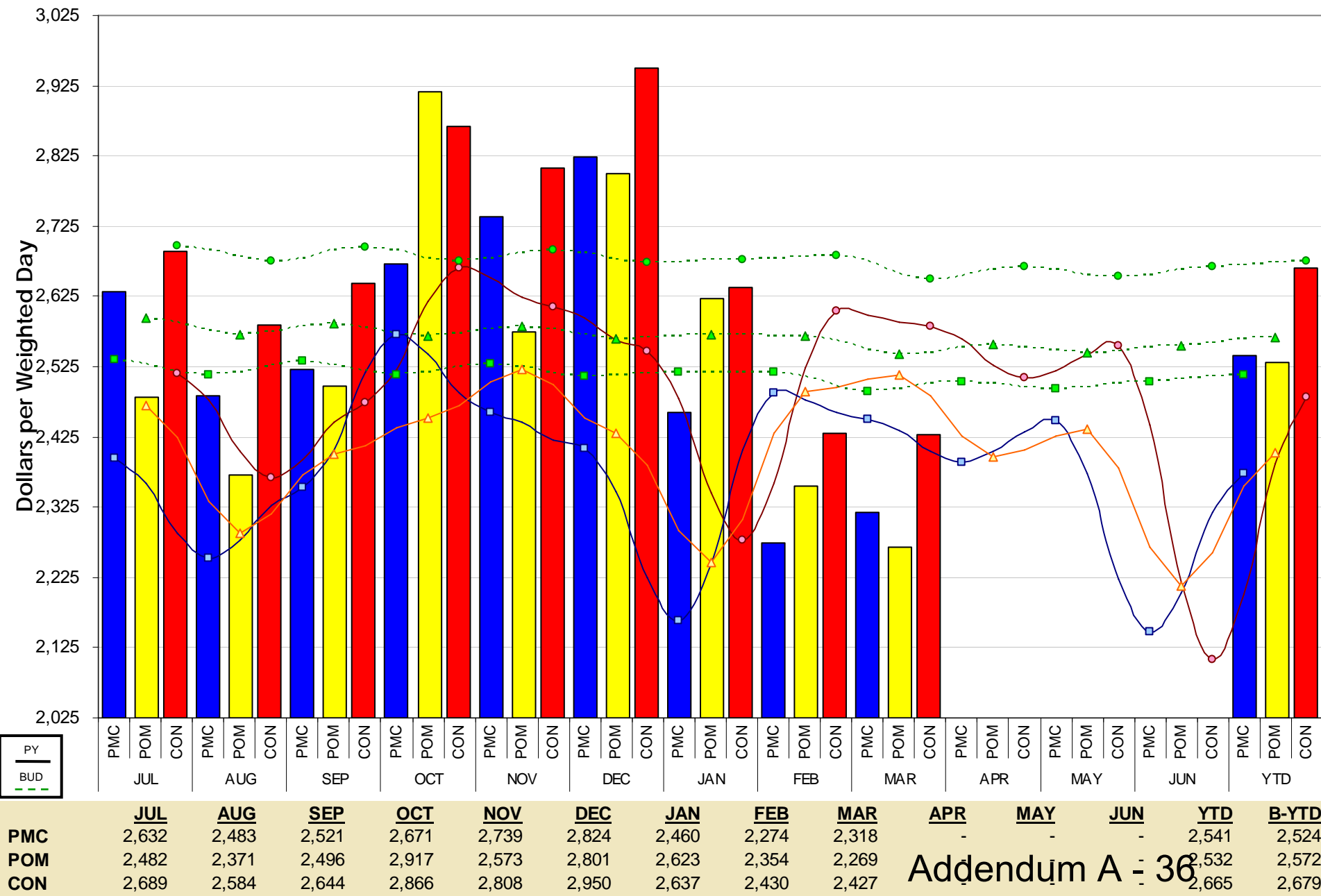
## Weighted Patient Days

## Supplies per WPD



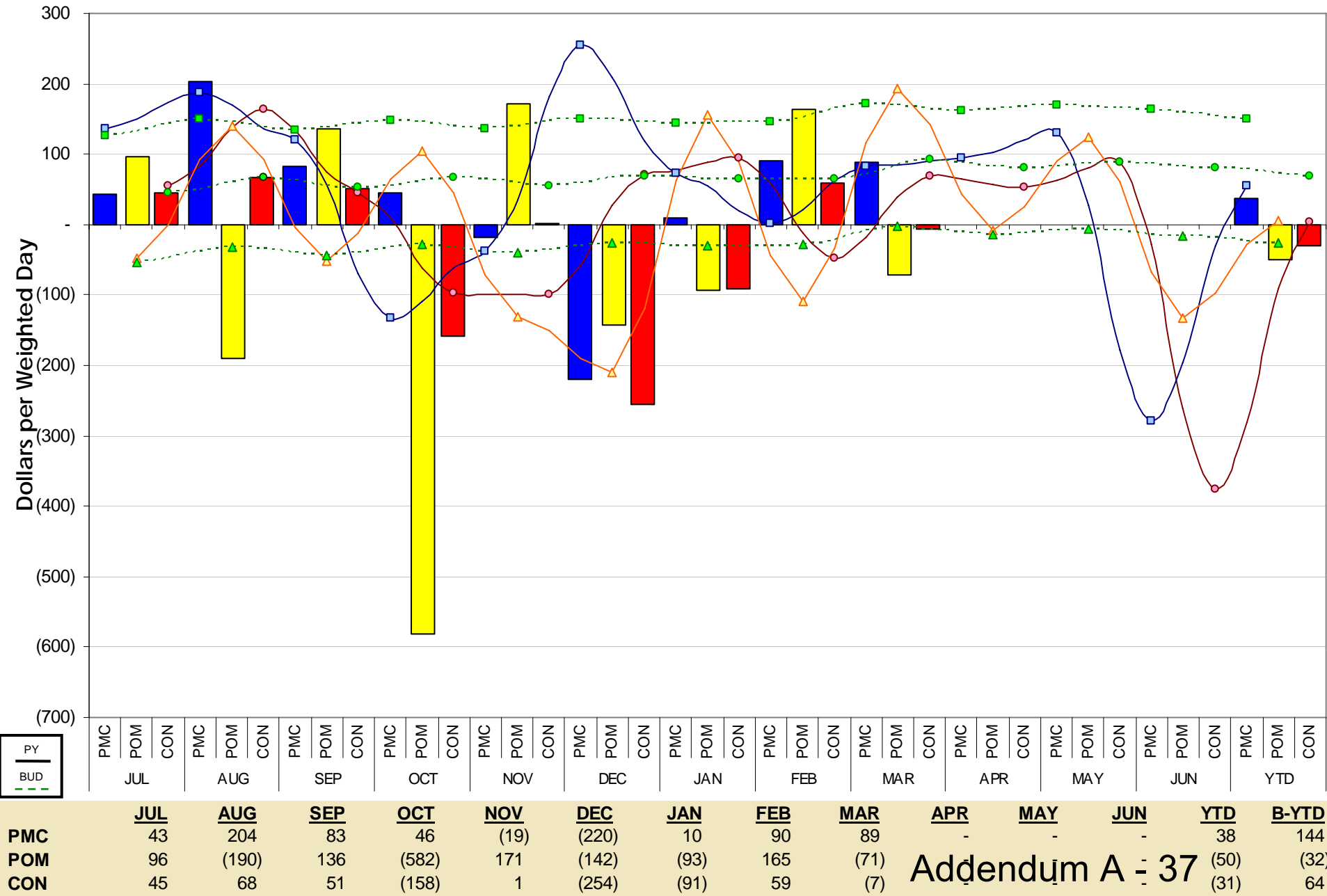
|     | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD | B-YTD |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| PMC | 396 | 418 | 373 | 415 | 445 | 411 | 427 | 398 | 418 | -   | -   | -   | 412 | 391   |
| POM | 357 | 385 | 350 | 416 | 377 | 364 | 412 | 408 | 389 | -   | -   | -   | 384 | 386   |
| CON | 393 | 416 | 385 | 426 | 434 | 412 | 438 | 409 | 417 | -   | -   | -   | 414 | 402   |

Addendum A - 35

Weighted Patient Days  
Total Expenses per WPD

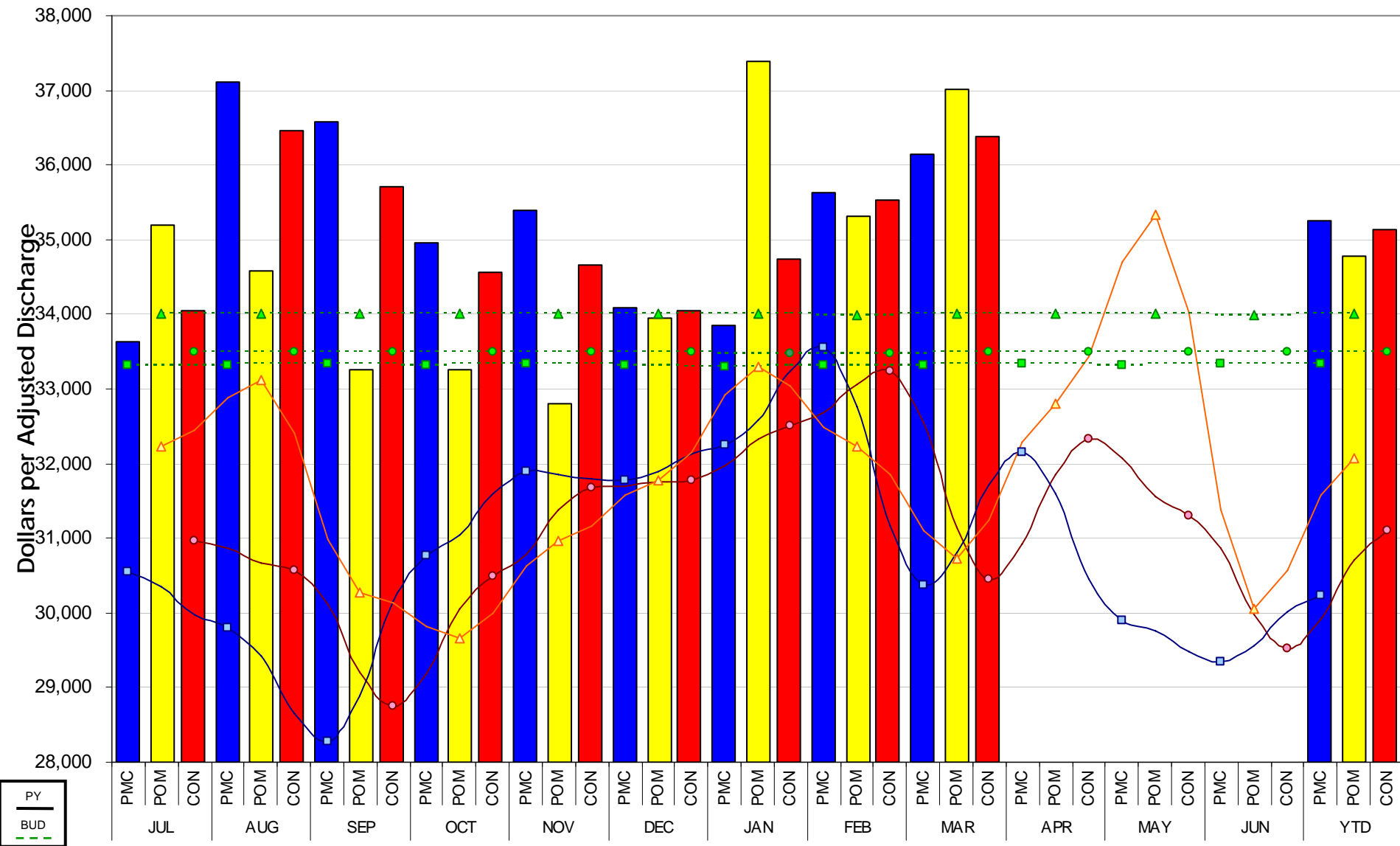
## Weighted Patient Days

## Net Operating Income per WPD

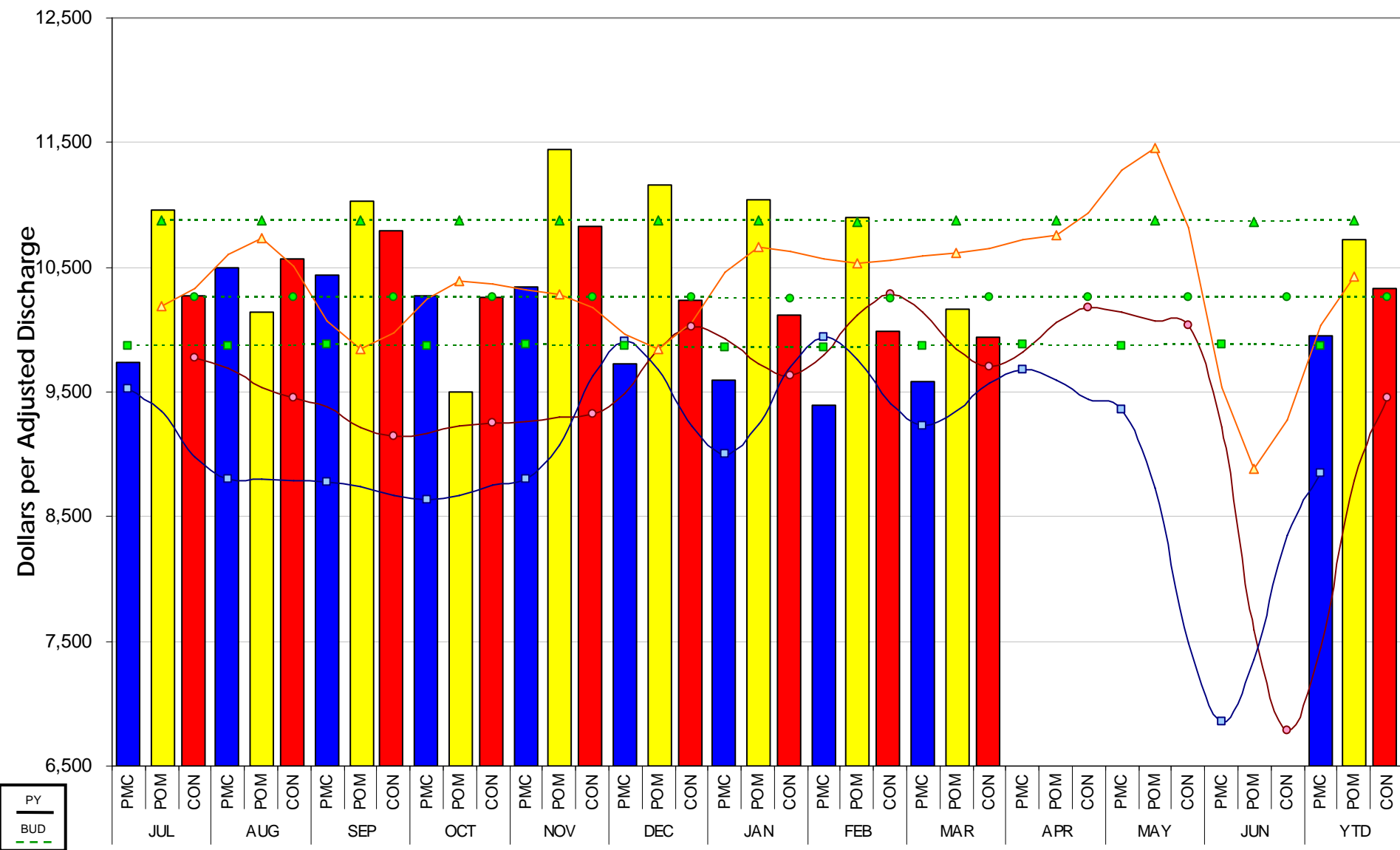


# Adjusted Discharges

## Gross Patient Revenue per Adjusted Discharges



|     | JUL    | AUG    | SEP    | OCT    | NOV    | DEC    | JAN    | FEB    | MAR    | APR | MAY | JUN | YTD    | B-YTD  |
|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----|-----|-----|--------|--------|
| PMC | 33,628 | 37,115 | 36,573 | 34,962 | 35,383 | 34,084 | 33,852 | 35,620 | 36,136 | -   | -   | -   | 35,262 | 33,325 |
| POM | 35,188 | 34,573 | 33,267 | 33,266 | 32,806 | 33,958 | 37,385 | 35,308 | 37,021 | -   | -   | -   | 34,773 | 34,052 |
| CON | 34,046 | 36,462 | 35,702 | 34,561 | 34,669 | 34,055 | 34,748 | 35,539 | 36,378 | -   | -   | -   | 35,136 | 33,498 |



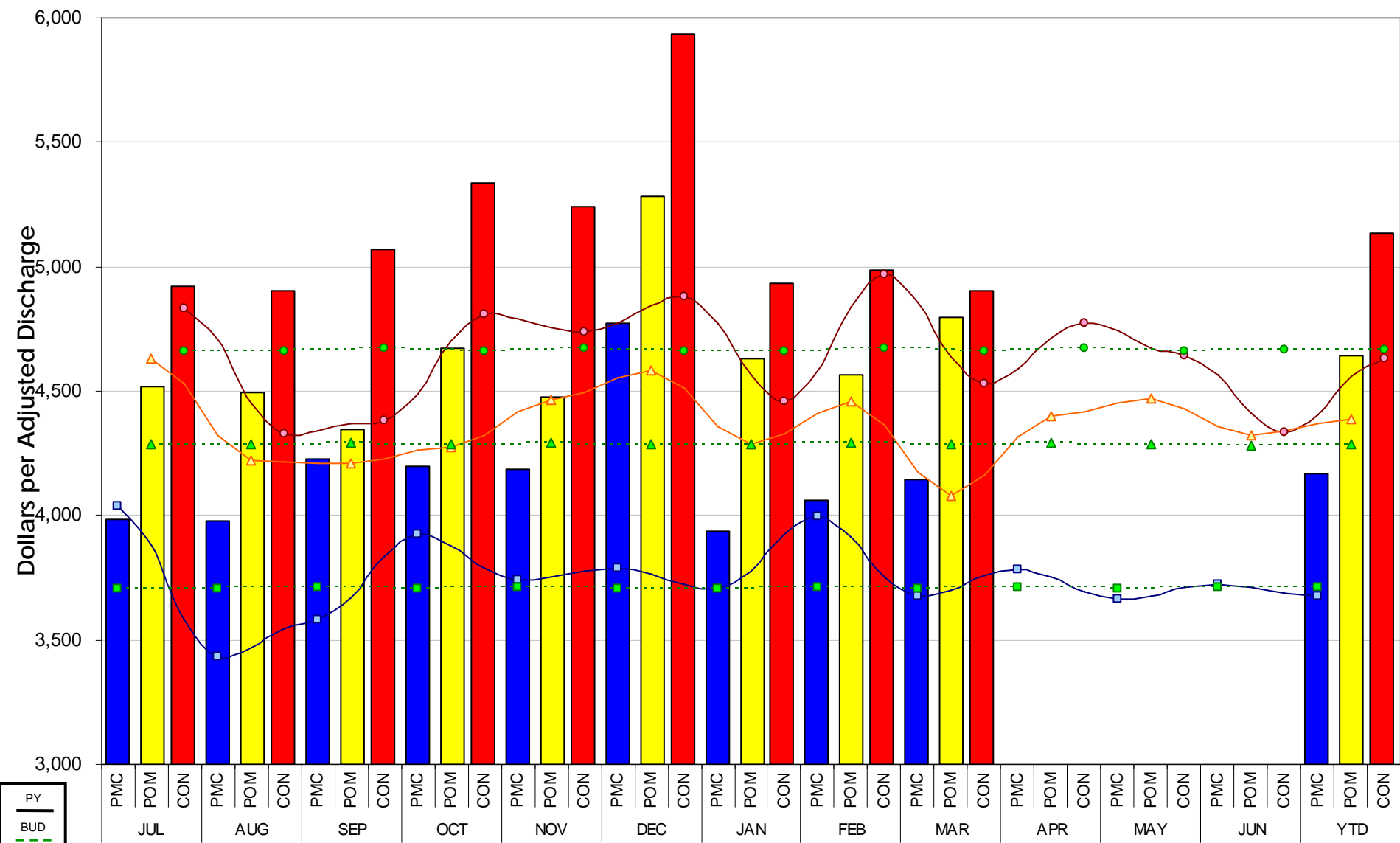
|     | JUL    | AUG    | SEP    | OCT    | NOV    | DEC    | JAN    | FEB    | MAR    | APR | MAY | JUN | YTD    | B-YTD  |
|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----|-----|-----|--------|--------|
| PMC | 9,737  | 10,493 | 10,437 | 10,270 | 10,344 | 9,725  | 9,597  | 9,390  | 9,577  | -   | -   | -   | 9,945  | 9,886  |
| POM | 10,963 | 10,138 | 11,028 | 9,505  | 11,450 | 11,160 | 11,046 | 10,903 | 10,163 | -   | -   | -   | 10,721 | 10,892 |
| CON | 10,266 | 10,573 | 10,793 | 10,254 | 10,829 | 10,241 | 10,121 | 9,983  | 9,942  | -   | -   | -   | 10,329 | 10,257 |

Addendum A - 39



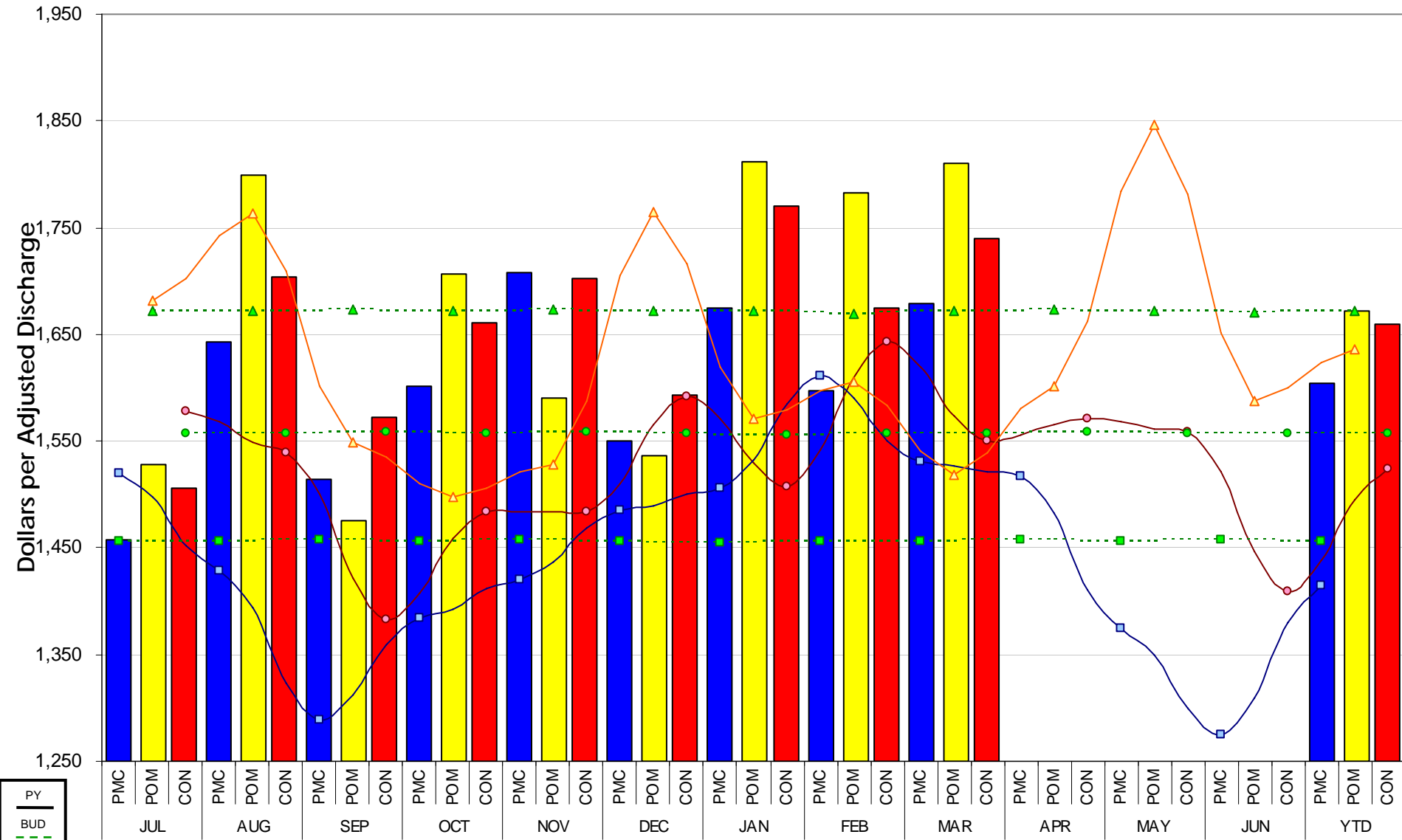
## Adjusted Discharges

## Salaries per Adjusted Discharges



|     | JUL   | AUG   | SEP   | OCT   | NOV   | DEC   | JAN   | FEB   | MAR   | APR | MAY | JUN | YTD   | B-YTD |
|-----|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|-----|-----|-------|-------|
| PMC | 3,984 | 3,977 | 4,227 | 4,198 | 4,183 | 4,772 | 3,935 | 4,063 | 4,143 | -   | -   | -   | 4,165 | 3,931 |
| POM | 4,518 | 4,494 | 4,344 | 4,672 | 4,477 | 5,280 | 4,630 | 4,567 | 4,799 | -   | -   | -   | 4,642 | 4,507 |
| CON | 4,922 | 4,905 | 5,070 | 5,334 | 5,238 | 5,936 | 4,930 | 4,987 | 4,905 | -   | -   | -   | 5,135 | 4,885 |

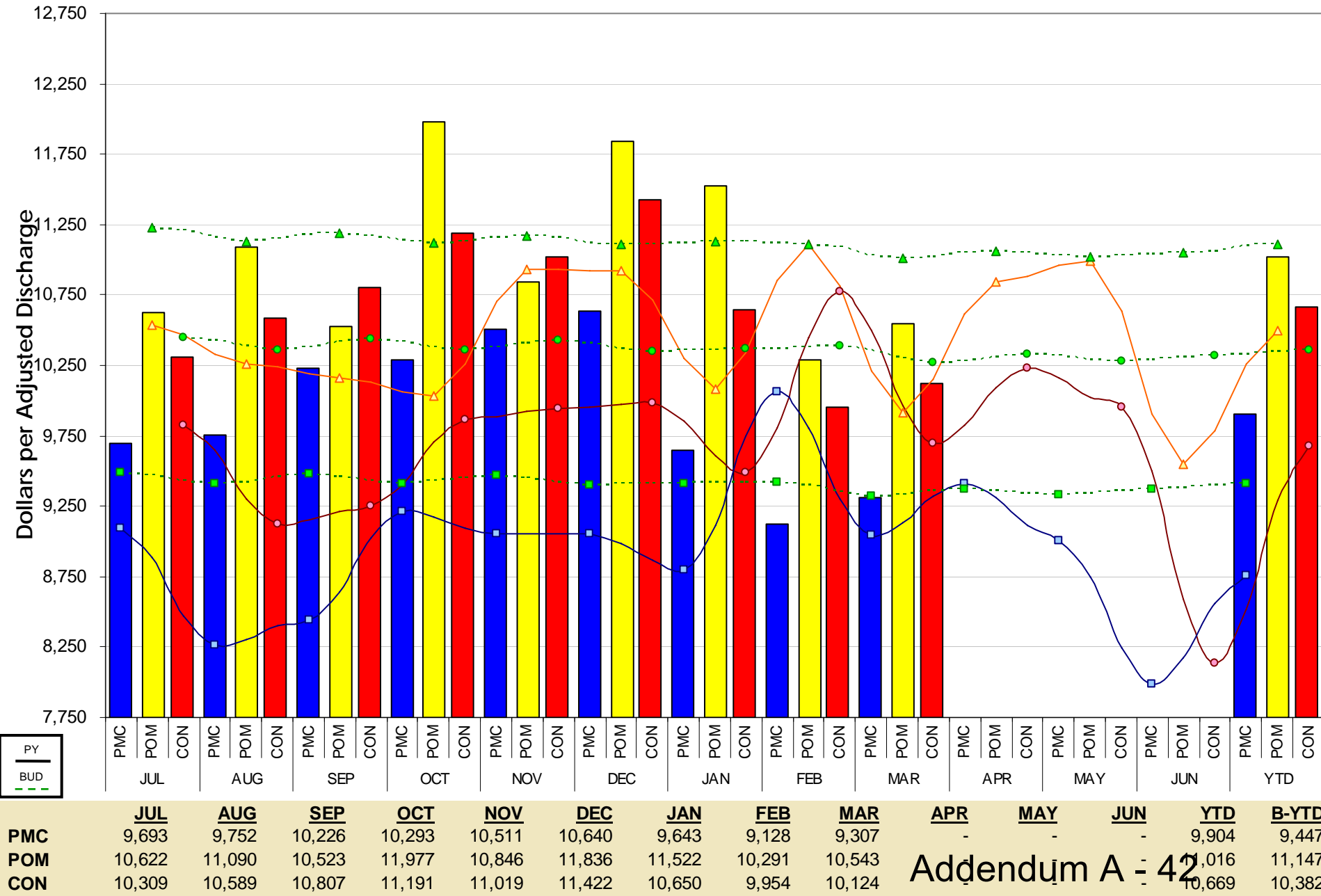
Addendum A - 40

Adjusted Discharges  
Supplies per Adjusted Discharges

|     | JUL   | AUG   | SEP   | OCT   | NOV   | DEC   | JAN   | FEB   | MAR   | APR | MAY | JUN | YTD   | B-YTD |
|-----|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|-----|-----|-------|-------|
| PMC | 1,457 | 1,643 | 1,514 | 1,601 | 1,708 | 1,550 | 1,675 | 1,597 | 1,679 | -   | -   | -   | 1,604 | 1,465 |
| POM | 1,528 | 1,800 | 1,475 | 1,706 | 1,590 | 1,536 | 1,811 | 1,783 | 1,810 | -   | -   | -   | 1,671 | 1,674 |
| CON | 1,506 | 1,704 | 1,573 | 1,661 | 1,702 | 1,594 | 1,770 | 1,675 | 1,740 | -   | -   | -   | 1,660 | 1,557 |

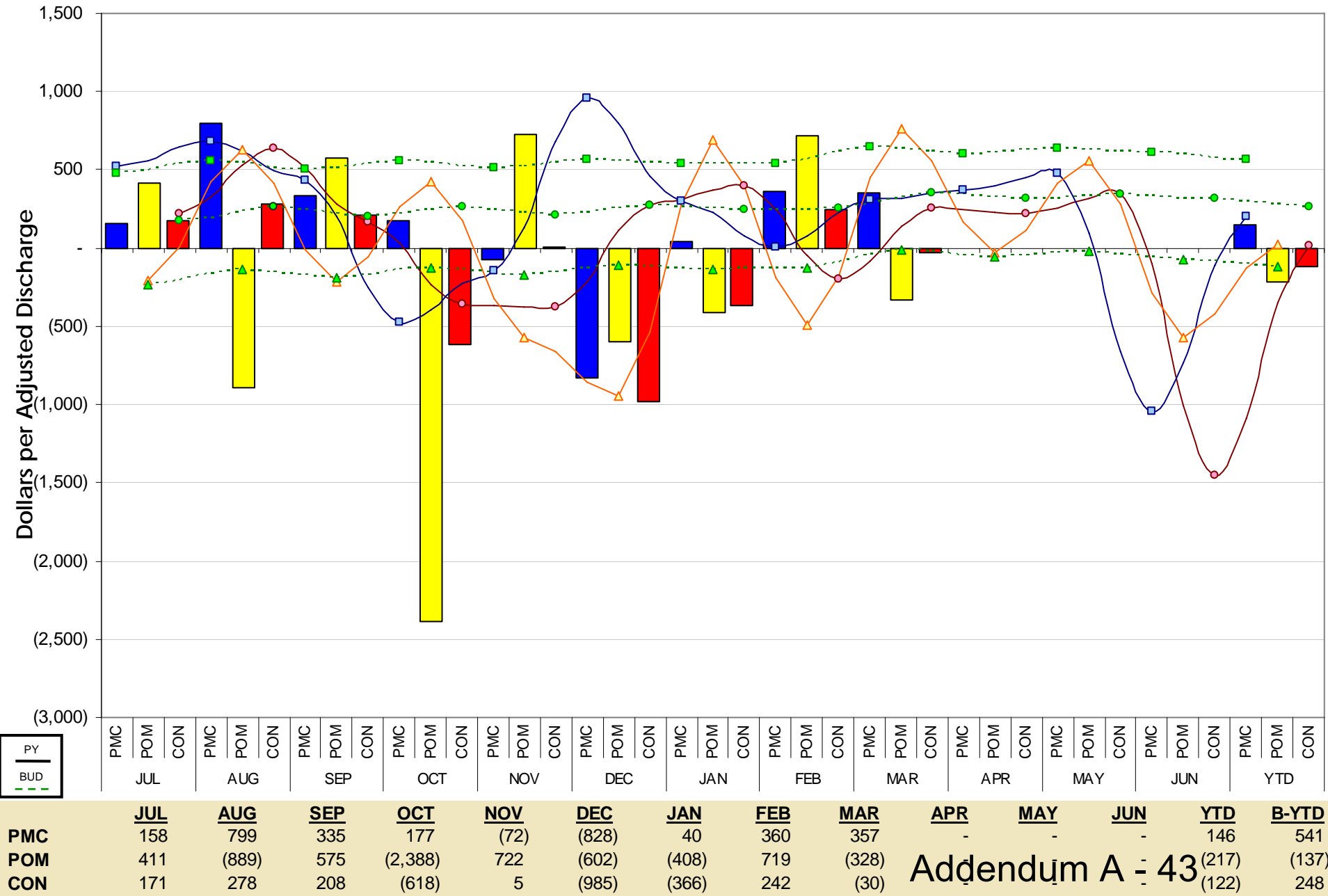
## Adjusted Discharges

## Total Expenses per Adjusted Discharges



## Adjusted Discharges

## Net Operating Income per Adjusted Discharges



Key Variance Explanations  
Month-To-Date

|                                           | Actual           | Budget           | Variance Detail | Variance           |
|-------------------------------------------|------------------|------------------|-----------------|--------------------|
| <b>Net Income From Operations</b>         | <b>(104,970)</b> | <b>1,214,543</b> |                 | <b>(1,319,513)</b> |
| <b>Total Net Revenue</b>                  |                  |                  |                 | <b>(536,553)</b>   |
| Net Patient Revenue                       |                  |                  | (536,553)       |                    |
| <b>Other Revenue</b>                      |                  |                  |                 | <b>(729,772)</b>   |
| PPH Foundation                            |                  |                  | (294,834)       |                    |
| Home Health Outreach                      |                  |                  | (150,885)       |                    |
| PPNC Health Development                   |                  |                  | (116,864)       |                    |
| Welcome Home Baby                         |                  |                  | (82,653)        |                    |
| Other                                     |                  |                  | (84,536)        |                    |
| <b>Salaries &amp; Wages</b>               |                  |                  |                 | <b>(75,409)</b>    |
| Volume variance                           |                  |                  | (256,513)       |                    |
| Rate & Efficiency                         |                  |                  | 181,104         |                    |
| Holiday Premium/Bonus                     | (558,426)        |                  |                 |                    |
| Excess Overtime                           | (249,803)        |                  |                 |                    |
| Cerner Optimization Capitalized           | 914,718          |                  |                 |                    |
| <b>Benefits</b>                           |                  |                  |                 | <b>1,743,988</b>   |
| FICA                                      |                  |                  | (279,659)       |                    |
| Worker's Comp                             |                  |                  | 1,933,036       |                    |
| Other Benefits                            |                  |                  | 90,611          |                    |
| <b>Contract Labor</b>                     |                  |                  |                 | <b>(269,418)</b>   |
| Volume Variance                           |                  |                  | (12,071)        |                    |
| Rate & Efficiency (Nursing & Non-Nursing) |                  |                  | (257,347)       |                    |

Key Variance Explanations  
Month-To-Date

|                                                           | Actual    | Budget | Variance Detail    | Variance           |
|-----------------------------------------------------------|-----------|--------|--------------------|--------------------|
| <b>Supplies</b>                                           |           |        |                    | <b>(719,683)</b>   |
| Volume variance                                           |           |        | (85,641)           |                    |
| Rate Variance                                             |           |        | (634,042)          |                    |
| Prosthesis .631                                           | (316,665) |        |                    |                    |
| Other Non Medical .650                                    | (119,361) |        |                    |                    |
| Other Medical .641                                        | (103,519) |        |                    |                    |
| Other Minor .649                                          | (62,023)  |        |                    |                    |
| Surgery General .634                                      | (59,491)  |        |                    |                    |
| Other                                                     | (58,625)  |        |                    |                    |
| <b>Professional Fees</b>                                  |           |        |                    | <b>(138,477)</b>   |
| Consulting                                                |           |        | (204,159)          |                    |
| Physician Income Gurantees Not Realized                   |           |        | 110,912            |                    |
| Other                                                     |           |        | (45,230)           |                    |
| <b>Purchased Services</b>                                 |           |        |                    | <b>(725,764)</b>   |
| Repairs & Maintenance                                     |           |        | (286,326)          |                    |
| Collections                                               |           |        | (207,836)          |                    |
| Other                                                     |           |        | (231,602)          |                    |
| <b>Depreciation</b>                                       |           |        |                    | <b>(4,218)</b>     |
| Depreciation                                              |           |        | (4,218)            |                    |
| <b>Other Direct Expenses</b>                              |           |        |                    | <b>135,793</b>     |
| Foundation                                                |           |        | 135,563            |                    |
| Other                                                     |           |        | 230                |                    |
| <b>Total Actual to Budget MTD Variance for March 2008</b> |           |        | <b>(1,319,513)</b> | <b>(1,319,513)</b> |

Key Variance Explanations  
Year-To-Date

|                                           | Actual             | Budget           | Variance Detail | Variance            |
|-------------------------------------------|--------------------|------------------|-----------------|---------------------|
| <b>Net Income From Operations</b>         | <b>(3,691,057)</b> | <b>7,534,713</b> |                 | <b>(11,225,770)</b> |
| <b>Total Net Revenue</b>                  |                    |                  |                 | <b>30,484</b>       |
| Net Patient Revenue                       |                    |                  | 30,484          |                     |
| <b>Other Revenue</b>                      |                    |                  |                 | <b>(4,752,513)</b>  |
| PPH Foundation                            |                    |                  | (2,653,513)     |                     |
| PPNC Health Development                   |                    |                  | (1,021,238)     |                     |
| Home Health Outreach                      |                    |                  | (940,677)       |                     |
| Welcome Home Baby                         |                    |                  | (651,882)       |                     |
| Other                                     |                    |                  | 514,797         |                     |
| <b>Salaries &amp; Wages</b>               |                    |                  |                 | <b>(4,809,692)</b>  |
| Volume variance                           |                    |                  | 970,439         |                     |
| Rate & Efficiency                         |                    |                  | (5,780,131)     |                     |
| Discretionary Bonus                       |                    | (3,494,220)      |                 |                     |
| Excess Overtime                           |                    | (3,264,492)      |                 |                     |
| Disaster Relief                           |                    | (798,552)        |                 |                     |
| <b>Benefits</b>                           |                    |                  |                 | <b>1,752,573</b>    |
| FICA                                      |                    |                  | (1,544,678)     |                     |
| Worker's Comp                             |                    |                  | 2,885,167       |                     |
| Other                                     |                    |                  | 412,084         |                     |
| <b>Contract Labor</b>                     |                    |                  |                 | <b>(1,697,561)</b>  |
| Volume Variance                           |                    |                  | 45,649          |                     |
| Rate & Efficiency (Nursing & Non-Nursing) |                    |                  | (1,743,210)     |                     |

Key Variance Explanations  
Year-To-Date

|                                                           | Actual | Budget      | Variance Detail          | Variance            |
|-----------------------------------------------------------|--------|-------------|--------------------------|---------------------|
| <b>Supplies</b>                                           |        |             |                          | <b>(2,759,852)</b>  |
| Volume variance                                           |        |             | 323,907                  |                     |
| Rate Variance                                             |        |             | (3,083,759)              |                     |
| Prosthesis .631                                           |        | (1,152,747) |                          |                     |
| Surgery General .634                                      |        | (643,218)   | --> da Vinci = (340,192) |                     |
| Other Non Medical .650                                    |        | (625,042)   |                          |                     |
| Supplies Other Medical .641                               |        | (512,639)   |                          |                     |
| Other Minor Equipment .649                                |        | (318,860)   |                          |                     |
| Pharmaceutical .638                                       |        | 624,386     |                          |                     |
| Other                                                     |        | (131,733)   |                          |                     |
| <b>Professional Fees</b>                                  |        |             |                          | <b>1,537,573</b>    |
| WHB Other Pro Fees (First Five Commision Subcontractors)  |        |             | 608,931                  |                     |
| Physician Income Gurantees Not Realized                   |        |             | 1,046,291                |                     |
| Other                                                     |        |             | (117,649)                |                     |
| <b>Purchased Services</b>                                 |        |             |                          | <b>(1,754,005)</b>  |
| Repairs & Maintenance                                     |        |             | (904,286)                |                     |
| Disaster Relief                                           |        |             | (256,847)                |                     |
| Collections                                               |        |             | (76,046)                 |                     |
| Other                                                     |        |             | (516,826)                |                     |
| <b>Depreciation</b>                                       |        |             |                          | <b>(90,732)</b>     |
| Depreciation                                              |        |             | (90,732)                 |                     |
| <b>Other Direct Expenses</b>                              |        |             |                          | <b>1,317,955</b>    |
| Marketing                                                 |        |             | (495,267)                |                     |
| Foundation                                                |        |             | 1,737,137                |                     |
| Other                                                     |        |             | 76,085                   |                     |
| <b>Total Actual to Budget YTD Variance for March 2008</b> |        |             | <b>(11,225,770)</b>      | <b>(11,225,770)</b> |



Supplies Expense  
Year-to-Date

## Supplies Analysis-YTD

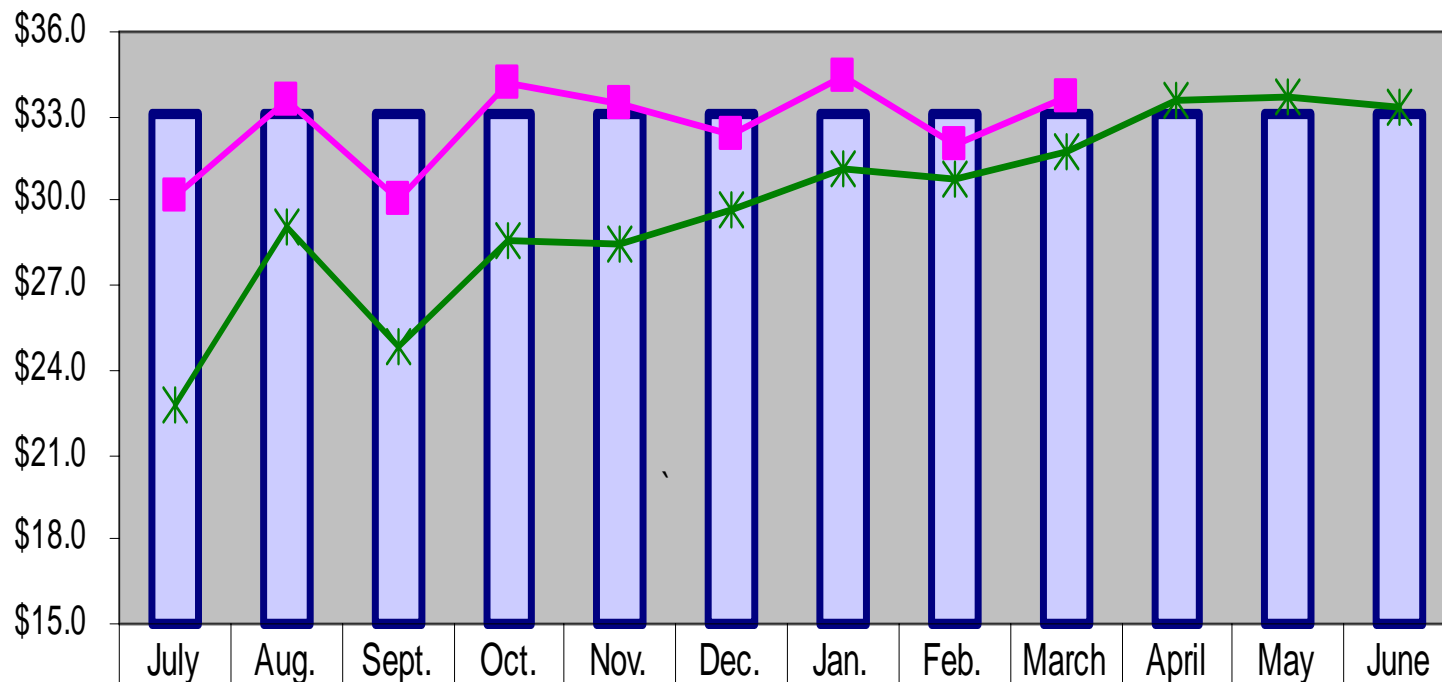
| Account            | Descriptions                   | YTD Actual        | YTD Budget        | Variances          |
|--------------------|--------------------------------|-------------------|-------------------|--------------------|
| 631000             | Prosthesis                     | 11,708,141        | 10,555,394        | (1,152,747)        |
| 634000             | Supplies Surgery General       | 3,627,355         | 2,984,137         | (643,218)          |
| 650000             | Other Non Medical              | 5,448,279         | 4,823,237         | (625,042)          |
| 641000             | Supplies Other Medical         | 11,152,922        | 10,640,283        | (512,639)          |
| 649000             | Other Minor Equipment          | 922,811           | 603,951           | (318,860)          |
| 646000             | Supplies Office/Administration | 882,831           | 800,060           | (82,771)           |
| 647000             | Supplies Employee Apparel      | 122,464           | 69,775            | (52,689)           |
| 642000             | Supplies Food/Meat             | 436,767           | 385,418           | (51,349)           |
| 636000             | Supplies Oxygen/Gas            | 240,609           | 197,967           | (42,642)           |
| 639000             | Supplies Radioactive           | 623,574           | 583,946           | (39,628)           |
| 645000             | Supplies Cleaning              | 317,102           | 288,327           | (28,775)           |
| 635000             | Supplies Anesthesia Material   | 12,013            | 6,505             | (5,508)            |
| 644000             | Supplies Linen                 | 25,035            | 20,136            | (4,899)            |
| 648000             | Instruments/Minor Equipment    | 302,171           | 313,577           | 11,406             |
| 643000             | Supplies Food Other            | 1,966,625         | 1,980,704         | 14,079             |
| 632000             | Sutures/Surgical Needles       | 1,134,345         | 1,161,034         | 26,689             |
| 646100             | Supplies Forms                 | 430,707           | 458,172           | 27,465             |
| 637000             | Supplies IV Solutions          | 358,944           | 388,401           | 29,457             |
| 633000             | Supplies Surgical Pack         | 1,372,220         | 1,402,655         | 30,435             |
| 640000             | Supplies X-ray Material        | 20,257            | 57,255            | 36,998             |
| 638000             | Supplies Pharmaceutical        | 8,921,741         | 9,546,127         | 624,386            |
| <b>Grand Total</b> |                                | <b>50,026,913</b> | <b>47,267,061</b> | <b>(2,759,852)</b> |



da Vinci expenses=(\$340,192)

## PBS Monthly Cash Collections

# PBS Monthly Collections in Millions



|                 |        |        |        |        |        |        |        |        |        |        |        |        |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| FY08 Goal       | \$33.1 | \$33.1 | \$33.1 | \$33.1 | \$33.1 | \$33.1 | \$33.1 | \$33.1 | \$33.1 | \$33.1 | \$33.1 | \$33.1 |
| Pr. Yr Actual   | \$22.8 | \$29.1 | \$24.9 | \$28.6 | \$28.5 | \$29.7 | \$31.1 | \$30.8 | \$31.7 | \$33.6 | \$33.6 | \$33.3 |
| Curr. Yr Actual | \$30.2 | \$33.6 | \$30.0 | \$34.1 | \$33.4 | \$32.4 | \$34.4 | \$32.0 | \$33.6 |        |        |        |

Balance Sheet  
Consolidated

|                                           | Current<br>Month | Prior<br>Month | Prior Fiscal<br>Year End |
|-------------------------------------------|------------------|----------------|--------------------------|
| <b>Assets</b>                             |                  |                |                          |
| <b>Current Assets</b>                     |                  |                |                          |
| Cash on Hand                              | 3,623,073        | 10,065,937     | 1,365,825                |
| Cash Marketable Securities                | 65,987,333       | 65,234,669     | 107,847,524              |
| <b>Total Cash &amp; Cash Equivalents</b>  | 69,610,406       | 75,300,606     | 109,213,349              |
| <b>Patient Accounts Receivable</b>        | 202,229,172      | 196,769,407    | 160,767,031              |
| Allowance on Accounts                     | (105,690,768)    | (102,340,923)  | (81,286,268)             |
| <b>Net Accounts Receivable</b>            | 96,538,404       | 94,428,484     | 79,480,763               |
| Inventories                               | 7,308,616        | 7,061,292      | 7,025,980                |
| Prepaid Expenses                          | 4,426,710        | 4,400,167      | 2,071,008                |
| Other                                     | 10,791,682       | 9,545,020      | 5,094,523                |
| <b>Total Current Assets</b>               | 188,675,818      | 190,735,569    | 202,885,623              |
| <b>Non-Current Assets</b>                 |                  |                |                          |
| Restricted Assets                         | 366,465,171      | 372,177,757    | 173,111,797              |
| Restricted by Donor                       | 302,156          | 302,156        | 296,184                  |
| Board Designated                          | 12,378,705       | 14,231,843     | 0                        |
| <b>Total Restricted Assets</b>            | 379,146,032      | 386,711,756    | 173,407,981              |
| Property Plant & Equipment                | 363,369,302      | 364,266,471    | 373,271,092              |
| Accumulated Depreciation                  | (226,371,573)    | (225,918,732)  | (222,304,232)            |
| Construction in Process                   | 192,150,071      | 180,876,040    | 121,244,746              |
| <b>Net Property Plant &amp; Equipment</b> | 329,147,800      | 319,223,779    | 272,211,606              |
| Investment in Related Companies           | 1,663,066        | 1,970,019      | 265,204                  |
| Deferred Financing Costs                  | 20,294,052       | 20,289,114     | 17,245,255               |
| Other Non-Current Assets                  | 6,596,576        | 6,559,104      | 5,715,558                |
| <b>Total Non-Current Assets</b>           | 736,847,526      | 734,753,772    | 468,845,604              |
| <b>Total Assets</b>                       | 925,523,344      | 925,489,341    | 671,731,227              |

|                                         | Current<br>Month | Prior<br>Month | Prior Fiscal<br>Year End |
|-----------------------------------------|------------------|----------------|--------------------------|
| <b>Liabilities</b>                      |                  |                |                          |
| <b>Current Liabilities</b>              |                  |                |                          |
| Accounts Payable                        | 13,761,348       | 17,754,966     | 27,500,989               |
| Accrued Payroll                         | 17,575,843       | 18,073,872     | 14,778,493               |
| Accrued PTO                             | 13,752,155       | 13,539,033     | 12,638,138               |
| Accrued Interest Payable                | 4,415,881        | 2,975,902      | 1,906,574                |
| Current Portion of Bonds                | 9,660,000        | 9,660,000      | 13,220,000               |
| Est Third Party Settlements             | 222,203          | (23,306)       | (2,579,788)              |
| Other Current Liabilities               | 18,370,547       | 17,565,789     | 12,085,069               |
| <b>Total Current Liabilities</b>        | 77,757,977       | 79,546,256     | 79,549,475               |
| <b>Long Term Liabilities</b>            |                  |                |                          |
| Bonds & Contracts Payable               | 532,025,463      | 532,006,592    | 294,723,824              |
| <b>General Fund Balance</b>             |                  |                |                          |
| Unrestricted                            | 303,059,046      | 299,402,495    | 297,161,750              |
| Restricted for Other Purpose            | 302,156          | 302,156        | 296,184                  |
| Board Designated                        | 12,378,705       | 14,231,843     | 0                        |
| <b>Total Fund Balance</b>               | 315,739,907      | 313,936,494    | 297,457,934              |
| <b>Total Liabilities / Fund Balance</b> | 925,523,344      | 925,489,341    | 671,731,227              |

Executive Summary of  
Key Indicators

|                                 | MARCH 2008 |            |             | FY 08 Y-T-D @ March 2008 |             |              | Moody     |
|---------------------------------|------------|------------|-------------|--------------------------|-------------|--------------|-----------|
|                                 | Actual     | Budget     | Variance    | Actual                   | Budget      | Variance     | Benchmark |
| <b><u>Statistics:</u></b>       |            |            |             |                          |             |              |           |
| Acute Admissions                | 2,394      | 2,526      | (132)       | 21,817                   | 22,409      | (592)        |           |
| Acute Patient Days              | 10,254     | 9,666      | 588         | 86,476                   | 85,741      | 735          |           |
| Acute ALOS                      | 4.15       | 3.83       | 0.32        | 3.94                     | 3.83        | 0.11         |           |
| Case Mix Index (w/o Births)     | 1.37       | 1.34       | 0.03        | 1.36                     | 1.34        | 0.02         |           |
| Total Surgeries                 | 1,666      | 1,692      | (26)        | 12,780                   | 12,770      | 10           |           |
| Births                          | 441        | 466        | (25)        | 4,119                    | 4,134       | (15)         |           |
| E/R Visits & Admissions         | 7,921      | 7,415      | 506         | 67,091                   | 65,784      | 1,307        |           |
| ER to Admit Rate                | 16.8%      | 17.4%      | (0.6%)      | 16.2%                    | 17.4%       | (1.2%)       |           |
| Productivity %                  | 99.7%      | 100%       | (0.3%)      | 99.0%                    | 100%        | (1.0%)       |           |
| <b><u>Income Statement:</u></b> |            |            |             |                          |             |              |           |
| Net Patient Revenue             | 34,557,132 | 35,093,685 | (536,553)   | 311,362,401              | 311,331,918 | 30,483       |           |
| Total Net Revenue               | 35,085,493 | 36,351,818 | (1,266,325) | 317,933,092              | 322,655,122 | (4,722,030)  |           |
| Sal., Wages, Cont. Lbr          | 17,050,799 | 16,705,972 | (344,827)   | 154,782,740              | 148,275,487 | (6,507,253)  |           |
| Supplies                        | 6,046,544  | 5,326,861  | (719,683)   | 50,026,913               | 47,267,061  | (2,759,852)  |           |
| Total Expenses                  | 35,190,463 | 35,137,275 | (53,188)    | 321,624,149              | 315,120,409 | (6,503,740)  |           |
| Net Inc. (Loss) before Non-Op   | (104,970)  | 1,214,543  | (1,319,513) | (3,691,057)              | 7,534,713   | (11,225,770) |           |
| Net Income (Loss)               | 903,412    | 2,405,862  | (1,502,450) | 10,307,473               | 18,256,578  | (7,949,105)  |           |
| <b><u>Cash Flow:</u></b>        |            |            |             |                          |             |              |           |
| Cash Collections                | 33,600,000 | 33,100,000 | 500,000     | 293,700,000              | 297,900,000 | (4,200,000)  |           |
| Days in A/R - Gross             |            |            |             | 50.0                     | 52.4        | (2.4)        |           |
| Days Cash on Hand               |            |            |             | 74                       | 80          | (6)          |           |
| <b><u>Ratios:</u></b>           |            |            |             |                          |             |              |           |
| OEBITDA w/ Prop. Tax            | 7.4%       | 10.8%      | (3.4%)      | 6.6%                     | 10.0%       | (3.4%)       |           |
| Net Income Margin               | 2.4%       | 6.3%       | (3.9%)      | 3.0%                     | 5.4%        | (2.4%)       |           |
| Bad Debt % of Net Revenue       | 9.9%       | 8.6%       | (1.3%)      | 10.1%                    | 8.6%        | (1.5%)       | 6.6%      |
| Return On Assets                | -          | -          | -           | 2.1%                     | 3.7%        | 1.6%         | 4.7%      |
| Annual Debt Service Coverage    | -          | -          | -           | 2.5                      | 3.2         | (0.7)        | 4.5       |
| Cushion Ratio                   | -          | -          | -           | 4.8                      | -           | -            | 15.5      |

# FISCAL YEAR 2008

## Income Statement: Fiscal Year-to-Date

### Consolidated – Weighted Patient Days

|                                       | Variance         |                  |                  | \$/Wtg Pt Day |                |             |             |            |
|---------------------------------------|------------------|------------------|------------------|---------------|----------------|-------------|-------------|------------|
|                                       | Actual           | Budget           | Variance         | Volume        | Rate/Eff       | Actual      | Budget      | Variance   |
| <b>Statistics:</b>                    |                  |                  |                  |               |                |             |             |            |
| Admissions - Acute                    | 21,817           | 22,409           | (592)            |               |                |             |             |            |
| Admissions - SNF                      | 804              | 862              | (58)             |               |                |             |             |            |
| Patient Days - Acute                  | 86,476           | 85,741           | 735              |               |                |             |             |            |
| Patient Days - SNF                    | 56,979           | 58,071           | (1,092)          |               |                |             |             |            |
| ALOS - Acute                          | 3.94             | 3.83             | 0.11             |               |                |             |             |            |
| ALOS - SNF                            | 71.58            | 68.08            | 3.50             |               |                |             |             |            |
| Weighted Patient Days                 | 120,706          | 117,605          | 3,101            |               |                |             |             |            |
| <b>Revenue:</b>                       |                  |                  |                  |               |                |             |             |            |
| Gross Revenue                         | \$ 1,059,172,205 | \$ 1,016,776,812 | \$ 42,395,393 F  | \$ 26,810,296 | \$ 15,585,097  | \$ 8,774.81 | \$ 8,645.69 | \$ 129.12  |
| Deductions from Rev                   | (747,809,804)    | (705,444,894)    | (42,364,910) U   | (18,601,119)  | (23,763,791)   | (6,195.30)  | (5,998.43)  | (196.87)   |
| Net Patient Revenue                   | 311,362,401      | 311,331,918      | 30,483 F         | 8,209,177     | (8,178,694)    | 2,579.51    | 2,647.27    | (67.76)    |
| Other Oper Revenue                    | 6,570,691        | 11,323,204       | (4,752,513) U    | 298,569       | (5,051,082)    | 54.44       | 96.28       | (41.85)    |
| <b>Total Net Revenue</b>              | 317,933,092      | 322,655,122      | (4,722,030) U    | 8,507,747     | (13,229,777)   | 2,633.95    | 2,743.55    | (109.60)   |
| <b>Expenses:</b>                      |                  |                  |                  |               |                |             |             |            |
| Salaries, Wages & Contr Labor         | 154,782,740      | 148,275,488      | (6,507,252) U    | (3,909,717)   | (2,597,535)    | 1,282.31    | 1,260.79    | (21.52)    |
| Benefits                              | 35,631,854       | 37,384,427       | 1,752,573 F      | (985,750)     | 2,738,323      | 295.20      | 317.88      | 22.69      |
| Supplies                              | 50,026,913       | 47,267,061       | (2,759,852) U    | (1,246,334)   | (1,513,518)    | 414.45      | 401.91      | (12.54)    |
| Prof Fees & Purch Svc                 | 46,600,186       | 46,383,754       | (216,432) U      | (1,223,043)   | 1,006,611      | 386.06      | 394.40      | 8.34       |
| Depreciation                          | 16,087,119       | 15,996,387       | (90,732) U       | (421,792)     | 331,060        | 133.28      | 136.02      | 2.74       |
| Other                                 | 18,495,337       | 19,813,292       | 1,317,955 F      | (522,435)     | 1,840,390      | 153.23      | 168.47      | 15.25      |
| <b>Total Expenses</b>                 | 321,624,149      | 315,120,409      | (6,503,740) U    | (8,309,072)   | 1,805,332      | 2,664.52    | 2,679.48    | 14.96      |
| <b>Net Inc Before Non-Oper Income</b> | (3,691,057)      | 7,534,713        | (11,225,770) U   | 198,675       | (11,424,445)   | (30.58)     | 64.07       | (94.65)    |
| Property Tax Revenue                  | 10,125,000       | 10,125,000       | - -              | 266,975       | (266,975)      | 83.88       | 86.09       | (2.21)     |
| Non-Operating Income                  | 3,873,530        | 596,865          | 3,276,665 F      | 15,738        | 3,260,927      | 32.09       | 5.08        | 27.02      |
| <b>Net Income (Loss)</b>              | \$ 10,307,473    | \$ 18,256,578    | \$ (7,949,105) U | \$ 481,388    | \$ (8,430,493) | \$ 85.39    | \$ 155.24   | \$ (69.84) |
| Net Income Margin                     | 3.0%             | 5.4%             | (2.4%)           |               |                |             |             |            |
| OEBITDA Margin w/o Prop Tax           | 3.6%             | 7.0%             | (3.4%)           |               |                |             |             |            |
| OEBITDA Margin with Prop Tax          | 6.6%             | 10.0%            | (3.4%)           |               |                |             |             |            |

F= Favorable variance  
U= Unfavorable variance

# FISCAL YEAR 2008

## Income Statement: Month-to-Date

### Consolidated – Weighted Patient Days

#### Statistics:

|                       | Actual | Budget | Variance |
|-----------------------|--------|--------|----------|
| Admissions - Acute    | 2,394  | 2,526  | (132)    |
| Admissions - SNF      | 110    | 97     | 13       |
| Patient Days - Acute  | 10,254 | 9,666  | 588      |
| Patient Days - SNF    | 6,288  | 6,546  | (258)    |
| ALOS - Acute          | 4.15   | 3.83   | 0.32     |
| ALOS - SNF            | 59.32  | 68.19  | (8.87)   |
| Weighted Patient Days | 14,498 | 13,258 | 1,240    |

#### Revenue:

|                          | Actual            | Budget            | Variance             | Volume           | Rate/Eff           | Actual          | Budget          | Variance        |
|--------------------------|-------------------|-------------------|----------------------|------------------|--------------------|-----------------|-----------------|-----------------|
| Gross Revenue            | \$ 126,448,231    | \$ 114,616,558    | \$ 11,831,673 F      | \$ 10,719,907    | \$ 1,111,766       | \$ 8,721.77     | \$ 8,645.09     | \$ 76.68        |
| Deductions from Rev      | (91,891,099)      | (79,522,873)      | (12,368,226) U       | (7,437,650)      | (4,930,576)        | (6,338.19)      | (5,998.10)      | (340.09)        |
| Net Patient Revenue      | 34,557,132        | 35,093,685        | (536,553) U          | 3,282,257        | (3,818,810)        | 2,383.58        | 2,646.98        | (263.40)        |
| Other Oper Revenue       | 528,361           | 1,258,133         | (729,772) U          | 117,671          | (847,443)          | 36.44           | 94.90           | (58.45)         |
| <b>Total Net Revenue</b> | <b>35,085,493</b> | <b>36,351,818</b> | <b>(1,266,325) U</b> | <b>3,399,929</b> | <b>(4,666,254)</b> | <b>2,420.02</b> | <b>2,741.88</b> | <b>(321.85)</b> |

#### Expenses:

|                               |                   |                   |                   |                    |                  |                 |                 |               |
|-------------------------------|-------------------|-------------------|-------------------|--------------------|------------------|-----------------|-----------------|---------------|
| Salaries, Wages & Contr Labor | 17,050,799        | 16,705,972        | (344,827) U       | (1,562,483)        | 1,217,656        | 1,176.08        | 1,260.07        | 83.99         |
| Benefits                      | 2,468,978         | 4,212,966         | 1,743,988 F       | (394,032)          | 2,138,020        | 170.30          | 317.77          | 147.47        |
| Supplies                      | 6,046,544         | 5,326,861         | (719,683) U       | (498,213)          | (221,470)        | 417.06          | 401.78          | (15.28)       |
| Prof Fees & Purch Svc         | 5,755,967         | 4,891,726         | (864,240) U       | (457,515)          | (406,726)        | 397.02          | 368.96          | (28.05)       |
| Depreciation                  | 1,786,633         | 1,782,415         | (4,218) U         | (166,706)          | 162,488          | 123.23          | 134.44          | 11.21         |
| Other                         | 2,081,542         | 2,217,335         | 135,793 F         | (207,384)          | 343,177          | 143.57          | 167.25          | 23.67         |
| <b>Total Expenses</b>         | <b>35,190,463</b> | <b>35,137,275</b> | <b>(53,188) U</b> | <b>(3,286,334)</b> | <b>3,233,146</b> | <b>2,427.26</b> | <b>2,650.27</b> | <b>223.01</b> |

#### Net Inc Before Non-Oper Income

|                      |           |           |               |         |             |        |       |         |
|----------------------|-----------|-----------|---------------|---------|-------------|--------|-------|---------|
|                      | (104,970) | 1,214,543 | (1,319,513) U | 113,594 | (1,433,107) | (7.24) | 91.61 | (98.85) |
| Property Tax Revenue | 1,125,000 | 1,125,000 | - -           | 105,219 | (105,219)   | 77.60  | 84.85 | (7.26)  |
| Non-Operating Income | (116,618) | 66,319    | (182,937) U   | 6,203   | (189,140)   | (8.04) | 5.00  | (13.05) |

#### Net Income (Loss)

|  |            |              |                  |            |                |          |           |             |
|--|------------|--------------|------------------|------------|----------------|----------|-----------|-------------|
|  | \$ 903,412 | \$ 2,405,862 | \$ (1,502,450) U | \$ 225,017 | \$ (1,727,467) | \$ 62.31 | \$ 181.46 | \$ (119.15) |
|--|------------|--------------|------------------|------------|----------------|----------|-----------|-------------|

|                              |      |       |        |
|------------------------------|------|-------|--------|
| Net Income Margin            | 2.4% | 6.3%  | (3.9%) |
| OEBITDA Margin w/o Prop Tax  | 4.4% | 7.9%  | (3.5%) |
| OEBITDA Margin with Prop Tax | 7.4% | 10.8% | (3.4%) |

F= Favorable variance  
U= Unfavorable variance

# FISCAL YEAR 2008

## Income Statement: Current vs. Prior Year-to-Date

### Consolidated – Weighted Patient Days

|                                       | March 08 YTD         | March 07 YTD         | Variance                |  | Variance          |                       | \$/Wtg Pt Day   |                  |                   |
|---------------------------------------|----------------------|----------------------|-------------------------|--|-------------------|-----------------------|-----------------|------------------|-------------------|
|                                       |                      |                      |                         |  | Volume            | Rate/Eff              | Actual          | Budget           | Variance          |
| <b>Statistics:</b>                    |                      |                      |                         |  |                   |                       |                 |                  |                   |
| Admissions - Acute                    | 21,817               | 21,665               | 152                     |  |                   |                       |                 |                  |                   |
| Admissions - SNF                      | 804                  | 862                  | (58)                    |  |                   |                       |                 |                  |                   |
| Patient Days - Acute                  | 86,476               | 83,854               | 2,622                   |  |                   |                       |                 |                  |                   |
| Patient Days - SNF                    | 56,979               | 57,757               | (778)                   |  |                   |                       |                 |                  |                   |
| ALOS - Acute                          | 3.94                 | 3.83                 | 0.11                    |  |                   |                       |                 |                  |                   |
| ALOS - SNF                            | 71.58                | 67.55                | 4.03                    |  |                   |                       |                 |                  |                   |
| Weighted Patient Days                 | 120,706              | 115,516              | 5,190                   |  |                   |                       |                 |                  |                   |
| <b>Revenue:</b>                       |                      |                      |                         |  |                   |                       |                 |                  |                   |
| Gross Revenue                         | \$ 1,059,172,205     | \$ 925,476,135       | \$ 133,696,070 F        |  | \$ 41,580,570     | \$ 92,115,500         | \$ 8,774.81     | \$ 8,011.67      | \$ 763.14         |
| Deductions from Rev                   | (747,809,804)        | (639,701,117)        | (108,108,687) U         |  | (28,741,030)      | (79,367,657)          | (6,195.30)      | (5,537.77)       | (657.53)          |
| Net Patient Revenue                   | 311,362,401          | 285,775,018          | 25,587,383 F            |  | 12,839,540        | 12,747,843            | 2,579.51        | 2,473.90         | 105.61            |
| Other Oper Revenue                    | 6,570,691            | 7,820,767            | (1,250,076) U           |  | 351,378           | (1,601,454)           | 54.44           | 67.70            | (13.27)           |
| <b>Total Net Revenue</b>              | 317,933,092          | 293,595,785          | 24,337,307 F            |  | 13,190,918        | 11,146,389            | 2,633.95        | 2,541.60         | 92.34             |
| <b>Expenses:</b>                      |                      |                      |                         |  |                   |                       |                 |                  |                   |
| Salaries, Wages & Contr Labor         | 154,782,740          | 138,212,385          | (16,570,355) U          |  | (6,209,722)       | (10,360,633)          | 1,282.31        | 1,196.48         | (85.83)           |
| Benefits                              | 35,631,854           | 35,340,455           | (291,399) U             |  | (1,587,806)       | 1,296,407             | 295.20          | 305.94           | 10.74             |
| Supplies                              | 50,026,913           | 45,411,834           | (4,615,079) U           |  | (2,040,301)       | (2,574,778)           | 414.45          | 393.12           | (21.33)           |
| Prof Fees & Purch Svc                 | 46,600,186           | 39,457,218           | (7,142,968) U           |  | (1,772,767)       | (5,370,201)           | 386.06          | 341.57           | (44.49)           |
| Depreciation                          | 16,087,119           | 14,829,315           | (1,257,804) U           |  | (666,264)         | (591,540)             | 133.28          | 128.37           | (4.90)            |
| Other                                 | 18,495,337           | 16,728,376           | (1,766,961) U           |  | (751,587)         | (1,015,374)           | 153.23          | 144.81           | (8.41)            |
| <b>Total Expenses</b>                 | 321,624,149          | 289,979,583          | (31,644,566) U          |  | (13,028,447)      | (18,616,119)          | 2,664.52        | 2,510.30         | (154.23)          |
| <b>Net Inc Before Non-Oper Income</b> | (3,691,057)          | 3,616,202            | (7,307,259) U           |  | 162,472           | (7,469,731)           | (30.58)         | 31.30            | (61.88)           |
| Property Tax Revenue                  | 10,125,000           | 9,487,494            | 637,506 F               |  | 426,262           | 211,244               | 83.88           | 82.13            | 1.75              |
| Non-Operating Income                  | 3,873,530            | 2,137,213            | 1,736,317 F             |  | 96,023            | 1,640,294             | 32.09           | 18.50            | 13.59             |
| <b>Net Income (Loss)</b>              | <b>\$ 10,307,473</b> | <b>\$ 15,240,909</b> | <b>\$ (4,933,436) U</b> |  | <b>\$ 684,756</b> | <b>\$ (5,618,192)</b> | <b>\$ 85.39</b> | <b>\$ 131.94</b> | <b>\$ (46.54)</b> |
| Net Income Margin                     | 3.0%                 | 4.9%                 | (1.9%)                  |  |                   |                       |                 |                  |                   |
| OEBITDA Margin w/o Prop Tax           | 3.6%                 | 5.9%                 | (2.3%)                  |  |                   |                       |                 |                  |                   |
| OEBITDA Margin with Prop Tax          | 6.6%                 | 9.0%                 | (2.4%)                  |  |                   |                       |                 |                  |                   |

F= Favorable variance  
U= Unfavorable variance

# FISCAL YEAR 2008

## Income Statement: Fiscal Year Projection

### Consolidated – Weighted Patient Days

|                                       | Variance         |                  |                  | \$ /Wtg Pt Day |                 |              |              |               |  |
|---------------------------------------|------------------|------------------|------------------|----------------|-----------------|--------------|--------------|---------------|--|
|                                       | 9 Act + 3 Bud    | FY 08 Budget     | Variance         | Volume         | Rate/Eff        | Actual       | Budget       | Variance      |  |
| <b>Statistics:</b>                    |                  |                  |                  |                |                 |              |              |               |  |
| Admissions - Acute                    | 29,235           | 29,827           | (592)            |                |                 |              |              |               |  |
| Admissions - SNF                      | 1,089            | 1,147            | (58)             |                |                 |              |              |               |  |
| Patient Days - Acute                  | 114,846          | 114,111          | 735              |                |                 |              |              |               |  |
| Patient Days - SNF                    | 76,171           | 77,263           | (1,092)          |                |                 |              |              |               |  |
| Weighted Patient Days                 | 43,498           | 40,397           | 3,101            |                |                 |              |              |               |  |
| <b>Revenue:</b>                       |                  |                  |                  |                |                 |              |              |               |  |
| Gross Revenue                         | \$ 1,395,660,659 | \$ 1,353,265,267 | \$ 42,395,393 F  | \$ 103,880,872 | \$ (61,485,480) | \$ 32,085.63 | \$ 33,499.15 | \$ (1,413.52) |  |
| Deductions from Rev                   | (981,247,977)    | (938,883,067)    | (42,364,910) U   | (72,071,599)   | 29,706,689      | (22,558.46)  | (23,241.41)  | 682.94        |  |
| Net Patient Revenue                   | 414,412,682      | 414,382,200      | 30,483 F         | 31,809,273     | (31,778,791)    | 9,527.17     | 10,257.75    | (730.58)      |  |
| Other Oper Revenue                    | 10,345,093       | 15,097,606       | (4,752,513) U    | 1,158,939      | (5,911,452)     | 237.83       | 373.73       | (135.90)      |  |
| <b>Total Net Revenue</b>              | 424,757,775      | 429,479,806      | (4,722,030) U    | 32,968,212     | (37,690,243)    | 9,765.00     | 10,631.48    | (866.48)      |  |
| <b>Expenses:</b>                      |                  |                  |                  |                |                 |              |              |               |  |
| Salaries, Wages & Contr Labor         | 203,861,411      | 197,354,158      | (6,507,252) U    | (15,149,522)   | 8,642,269       | 4,686.68     | 4,885.37     | 198.68        |  |
| Benefits                              | 48,004,574       | 49,757,147       | 1,752,573 F      | (3,819,514)    | 5,572,087       | 1,103.60     | 1,231.70     | 128.10        |  |
| Supplies                              | 65,674,126       | 62,914,273       | (2,759,852) U    | (4,829,496)    | 2,069,643       | 1,509.82     | 1,557.40     | 47.58         |  |
| Prof Fees & Purch Svc                 | 61,145,263       | 60,928,830       | (216,432) U      | (4,677,087)    | 4,460,654       | 1,405.70     | 1,508.25     | 102.55        |  |
| Depreciation                          | 21,434,365       | 21,343,632       | (90,732) U       | (1,638,404)    | 1,547,671       | 492.77       | 528.35       | 35.58         |  |
| Other                                 | 25,076,008       | 26,393,963       | 1,317,955 F      | (2,026,083)    | 3,344,038       | 576.49       | 653.36       | 76.88         |  |
| <b>Total Expenses</b>                 | 425,195,747      | 418,692,003      | (6,503,740) U    | (32,140,107)   | 25,636,363      | 9,775.06     | 10,364.43    | 589.37        |  |
| <b>Net Inc Before Non-Oper Income</b> | (437,972)        | 10,787,803       | (11,225,770) U   | 828,105        | (12,053,880)    | (10.07)      | 267.04       | (277.11)      |  |
| Property Tax Revenue                  | 13,500,000       | 13,500,000       | - -              | 1,036,302      | (1,036,302)     | 310.36       | 334.18       | (23.82)       |  |
| Non-Operating Income                  | 4,072,487        | 795,822          | 3,276,665 F      | 61,090         | 3,215,575       | 93.62        | 19.70        | 73.92         |  |
| <b>Net Income (Loss)</b>              | \$ 17,134,515    | \$ 25,083,625    | \$ (7,949,105) U | \$ 1,925,497   | \$ (9,874,607)  | \$ 393.92    | \$ 620.93    | \$ (227.01)   |  |
| Net Income Margin                     | 3.8%             | 5.6%             | (1.8%)           |                |                 |              |              |               |  |
| OEBITDA Margin w/o Prop Tax           | 4.6%             | 7.1%             | (2.5%)           |                |                 |              |              |               |  |
| OEBITDA Margin with Prop Tax          | 7.6%             | 10.1%            | (2.5%)           |                |                 |              |              |               |  |

F= Favorable variance  
U= Unfavorable variance



Income Statement: Monthly Trend  
Consolidated

|                                       | Jul                 | Aug                 | Sep                 | Oct                 | Nov                 | Dec                   | Jan                | Feb                 | Mar               | YTD                  |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|--------------------|---------------------|-------------------|----------------------|
| <b>Statistics:</b>                    |                     |                     |                     |                     |                     |                       |                    |                     |                   |                      |
| Admissions - Acute                    | 2,378               | 2,480               | 2,369               | 2,386               | 2,420               | 2,432                 | 2,486              | 2,472               | 2,394             | 21,817               |
| Admissions - SNF                      | 98                  | 83                  | 95                  | 82                  | 79                  | 97                    | 75                 | 85                  | 110               | 804                  |
| Patient Days - Acute                  | 9,000               | 9,910               | 9,617               | 9,161               | 9,291               | 9,397                 | 9,876              | 9,970               | 10,254            | 86,476               |
| Patient Days - SNF                    | 6,453               | 6,703               | 6,262               | 6,200               | 6,252               | 6,441                 | 6,448              | 5,932               | 6,288             | 56,979               |
| LOS - Acute                           | 3.77                | 4.03                | 4.03                | 3.85                | 3.84                | 3.82                  | 3.95               | 4.04                | 4.15              | 3.94                 |
| LOS - SNF                             | 74.17               | 77.94               | 63.90               | 68.89               | 90.61               | 68.52                 | 80.60              | 68.98               | 59.32             | 71.58                |
| Weighted Patient Days                 | 12,587              | 13,756              | 13,284              | 12,775              | 12,969              | 13,000                | 13,967             | 13,874              | 14,498            | 120,706              |
| Adjusted Discharges                   | 3,283               | 3,357               | 3,250               | 3,272               | 3,305               | 3,357                 | 3,458              | 3,387               | 3,476             | 30,145               |
| <b>Revenue:</b>                       |                     |                     |                     |                     |                     |                       |                    |                     |                   |                      |
| Gross Revenue                         | \$ 111,773,221      | \$ 122,404,049      | \$ 116,030,872      | \$ 113,082,612      | \$ 114,581,236      | \$ 114,323,264        | \$ 120,157,964     | \$ 120,370,754      | \$ 126,448,231    | \$ 1,059,172,205     |
| Deductions from Rev                   | (78,069,250)        | (86,911,029)        | (80,952,920)        | (79,532,906)        | (78,791,347)        | (79,944,031)          | (85,159,672)       | (86,557,550)        | (91,891,099)      | (747,809,804)        |
| Net Patient Revenue                   | 33,703,971          | 35,493,020          | 35,077,952          | 33,549,706          | 35,789,889          | 34,379,233            | 34,998,292         | 33,813,204          | 34,557,132        | 311,362,401          |
| Other Oper Revenue                    | 701,388             | 986,768             | 719,079             | 1,046,518           | 644,683             | 657,106               | 563,842            | 722,950             | 528,361           | 6,570,691            |
| <b>Total Net Revenue</b>              | <b>34,405,359</b>   | <b>36,479,788</b>   | <b>35,797,031</b>   | <b>34,596,224</b>   | <b>36,434,572</b>   | <b>35,036,339</b>     | <b>35,562,134</b>  | <b>34,536,154</b>   | <b>35,085,493</b> | <b>317,933,092</b>   |
| <b>Expenses:</b>                      |                     |                     |                     |                     |                     |                       |                    |                     |                   |                      |
| Salaries, Wages & Contr Labor         | 16,158,669          | 16,464,478          | 16,477,521          | 17,451,691          | 17,312,652          | 19,926,214            | 17,049,645         | 16,891,071          | 17,050,799        | 154,782,740          |
| Benefits                              | 4,208,437           | 4,396,919           | 4,327,260           | 4,393,500           | 4,252,006           | 4,406,086             | 4,531,188          | 2,647,480           | 2,468,978         | 35,631,854           |
| Supplies                              | 4,942,769           | 5,720,791           | 5,111,919           | 5,436,382           | 5,624,615           | 5,349,701             | 6,122,338          | 5,671,856           | 6,046,544         | 50,026,913           |
| Prof Fees & Purch Svc                 | 4,291,556           | 5,235,293           | 5,463,126           | 5,405,362           | 5,518,907           | 4,989,017             | 5,336,191          | 4,604,768           | 5,755,967         | 46,600,186           |
| Depreciation                          | 1,787,630           | 1,785,978           | 1,804,198           | 1,804,702           | 1,911,015           | 1,887,683             | 1,597,900          | 1,721,380           | 1,786,633         | 16,087,119           |
| Other                                 | 2,455,357           | 1,944,304           | 1,937,161           | 2,125,075           | 1,797,432           | 1,785,175             | 2,190,850          | 2,178,440           | 2,081,542         | 18,495,337           |
| <b>Total Expenses</b>                 | <b>33,844,418</b>   | <b>35,547,763</b>   | <b>35,121,185</b>   | <b>36,616,712</b>   | <b>36,416,627</b>   | <b>38,343,876</b>     | <b>36,828,112</b>  | <b>33,714,995</b>   | <b>35,190,463</b> | <b>321,624,149</b>   |
| <b>Net Inc Before Non-Oper Income</b> | <b>560,941</b>      | <b>932,026</b>      | <b>675,846</b>      | <b>(2,020,488)</b>  | <b>17,945</b>       | <b>(3,307,537)</b>    | <b>(1,265,978)</b> | <b>821,159</b>      | <b>(104,970)</b>  | <b>(3,691,057)</b>   |
| Property Tax Revenue                  | 1,125,000           | 1,125,000           | 1,125,000           | 1,125,000           | 1,125,000           | 1,125,000             | 1,125,000          | 1,125,000           | 1,125,000         | 10,125,000           |
| Non-Operating Income                  | 331,466             | 517,863             | 795,728             | 174,686             | 918,390             | 76,272                | 1,013,956          | 161,786             | (116,618)         | 3,873,530            |
| <b>Net Income (Loss)</b>              | <b>\$ 2,017,407</b> | <b>\$ 2,574,888</b> | <b>\$ 2,596,574</b> | <b>\$ (720,802)</b> | <b>\$ 2,061,335</b> | <b>\$ (2,106,265)</b> | <b>\$ 872,978</b>  | <b>\$ 2,107,945</b> | <b>\$ 903,412</b> | <b>\$ 10,307,473</b> |
| Net Income Margin                     | 5.8%                | 5.8%                | 7.3%                | (2.1%)              | 5.2%                | (5.7%)                | 2.3%               | 5.3%                | 2.4%              | 3.0%                 |
| OEBITDA Margin w/o Prop Tax           | 6.8%                | 6.1%                | 7.0%                | (0.6%)              | 4.9%                | (3.8%)                | 0.9%               | 6.4%                | 4.4%              | 3.6%                 |
| OEBITDA Margin with Prop Tax          | 10.1%               | 8.6%                | 10.1%               | 2.6%                | 7.7%                | (0.8%)                | 3.8%               | 9.2%                | 7.4%              | 6.6%                 |

# FISCAL YEAR 2008

## Income Statement: Fiscal Year-to-Date

### Consolidated – Adjusted Discharges

#### Statistics:

|                      | Actual | Budget | Variance |
|----------------------|--------|--------|----------|
| Admissions - Acute   | 21,817 | 22,409 | (592)    |
| Admissions - SNF     | 804    | 862    | (58)     |
| Patient Days - Acute | 86,476 | 85,741 | 735      |
| Patient Days - SNF   | 56,979 | 58,071 | (1,092)  |
| ALOS - Acute         | 3.94   | 3.83   | 0.11     |
| ALOS - SNF           | 71.58  | 68.08  | 3.50     |
| Adjusted Discharges  | 30,145 | 30,353 | (208)    |

#### Revenue:

|                          | Actual           | Budget           | Variance        | Volume         | Rate/Eff      | Actual      | Budget       | Variance    |
|--------------------------|------------------|------------------|-----------------|----------------|---------------|-------------|--------------|-------------|
| Gross Revenue            | \$ 1,059,172,205 | \$ 1,016,776,812 | \$ 42,395,393 F | \$ (6,967,666) | \$ 49,363,059 | \$35,135.92 | \$ 33,498.40 | \$ 1,637.52 |
| Deductions from Rev      | (747,809,804)    | (705,444,894)    | (42,364,910) U  | 4,834,202      | (47,199,112)  | (24,807.09) | (23,241.36)  | (1,565.74)  |
| Net Patient Revenue      | 311,362,401      | 311,331,918      | 30,483 F        | (2,133,464)    | 2,163,947     | 10,328.82   | 10,257.04    | 71.78       |
| Other Oper Revenue       | 6,570,691        | 11,323,204       | (4,752,513) U   | (77,595)       | (4,674,918)   | 217.97      | 373.05       | (155.08)    |
| <b>Total Net Revenue</b> | 317,933,092      | 322,655,122      | (4,722,030) U   | (2,211,059)    | (2,510,971)   | 10,546.79   | 10,630.09    | (83.30)     |

#### Expenses:

|                               |             |             |               |           |             |           |           |          |
|-------------------------------|-------------|-------------|---------------|-----------|-------------|-----------|-----------|----------|
| Salaries, Wages & Contr Labor | 154,782,740 | 148,275,488 | (6,507,252) U | 1,016,087 | (7,523,339) | 5,134.61  | 4,885.04  | (249.57) |
| Benefits                      | 35,631,854  | 37,384,427  | 1,752,573 F   | 256,184   | 1,496,389   | 1,182.02  | 1,231.66  | 49.64    |
| Supplies                      | 50,026,913  | 47,267,061  | (2,759,852) U | 323,907   | (3,083,759) | 1,659.54  | 1,557.25  | (102.30) |
| Prof Fees & Purch Svc         | 46,600,186  | 46,383,754  | (216,432) U   | 317,854   | (534,286)   | 1,545.87  | 1,528.14  | (17.72)  |
| Depreciation                  | 16,087,119  | 15,996,387  | (90,732) U    | 109,618   | (200,350)   | 533.66    | 527.01    | (6.65)   |
| Other                         | 18,495,337  | 19,813,292  | 1,317,955 F   | 135,775   | 1,182,180   | 613.55    | 652.76    | 39.22    |
| <b>Total Expenses</b>         | 321,624,149 | 315,120,409 | (6,503,740) U | 2,159,426 | (8,663,166) | 10,669.24 | 10,381.85 | (287.38) |

#### Net Inc Before Non-Oper Income

|                      |             |            |                |          |              |          |        |          |
|----------------------|-------------|------------|----------------|----------|--------------|----------|--------|----------|
|                      | (3,691,057) | 7,534,713  | (11,225,770) U | (51,633) | (11,174,137) | (122.44) | 248.24 | (370.68) |
| Property Tax Revenue | 10,125,000  | 10,125,000 | - -            | (69,384) | 69,384       | 335.88   | 333.57 | 2.30     |
| Non-Operating Income | 3,873,530   | 596,865    | 3,276,665 F    | (4,090)  | 3,280,755    | 128.50   | 19.66  | 108.83   |

#### Net Income (Loss)

|  |               |               |                  |              |                |           |           |             |
|--|---------------|---------------|------------------|--------------|----------------|-----------|-----------|-------------|
|  | \$ 10,307,473 | \$ 18,256,578 | \$ (7,949,105) U | \$ (125,107) | \$ (7,823,998) | \$ 341.93 | \$ 601.48 | \$ (259.55) |
|--|---------------|---------------|------------------|--------------|----------------|-----------|-----------|-------------|

|                              |      |       |        |
|------------------------------|------|-------|--------|
| Net Income Margin            | 3.0% | 5.4%  | (2.4%) |
| OEBITDA Margin w/o Prop Tax  | 3.6% | 7.0%  | (3.4%) |
| OEBITDA Margin with Prop Tax | 6.6% | 10.0% | (3.4%) |

F= Favorable variance  
U= Unfavorable variance

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

|                                       |                   |                     |                         | Variance         |                       | \$/Adjusted Discharges |                  |                    |
|---------------------------------------|-------------------|---------------------|-------------------------|------------------|-----------------------|------------------------|------------------|--------------------|
|                                       | Actual            | Budget              | Variance                | Volume           | Rate/Eff              | Actual                 | Budget           | Variance           |
| <b>Statistics:</b>                    |                   |                     |                         |                  |                       |                        |                  |                    |
| Admissions - Acute                    | 2,394             | 2,526               | (132)                   |                  |                       |                        |                  |                    |
| Admissions - SNF                      | 110               | 97                  | 13                      |                  |                       |                        |                  |                    |
| Patient Days - Acute                  | 10,254            | 9,666               | 588                     |                  |                       |                        |                  |                    |
| Patient Days - SNF                    | 6,288             | 6,546               | (258)                   |                  |                       |                        |                  |                    |
| ALOS - Acute                          | 4.15              | 3.83                | 0.32                    |                  |                       |                        |                  |                    |
| ALOS - SNF                            | 59.32             | 68.19               | (8.87)                  |                  |                       |                        |                  |                    |
| Adjusted Discharges                   | 3,476             | 3,421               | 55                      |                  |                       |                        |                  |                    |
| <b>Revenue:</b>                       |                   |                     |                         |                  |                       |                        |                  |                    |
| Gross Revenue                         | \$ 126,448,231    | \$ 114,616,558      | \$ 11,831,673 F         | \$ 1,842,710     | \$ 9,988,963          | \$36,377.51            | \$ 33,503.82     | \$ 2,873.69        |
| Deductions from Rev                   | (91,891,099)      | (79,522,873)        | (12,368,226) U          | (1,278,503)      | (11,089,723)          | (26,435.87)            | (23,245.51)      | (3,190.37)         |
| Net Patient Revenue                   | 34,557,132        | 35,093,685          | (536,553) U             | 564,207          | (1,100,760)           | 9,941.64               | 10,258.31        | (316.67)           |
| Other Oper Revenue                    | 528,361           | 1,258,133           | (729,772) U             | 20,227           | (749,999)             | 152.00                 | 367.77           | (215.77)           |
| <b>Total Net Revenue</b>              | <b>35,085,493</b> | <b>36,351,818</b>   | <b>(1,266,325) U</b>    | <b>584,434</b>   | <b>(1,850,759)</b>    | <b>10,093.64</b>       | <b>10,626.08</b> | <b>(532.44)</b>    |
| <b>Expenses:</b>                      |                   |                     |                         |                  |                       |                        |                  |                    |
| Salaries, Wages & Contr Labor         | 17,050,799        | 16,705,972          | (344,827) U             | (268,585)        | (76,242)              | 4,905.29               | 4,883.36         | (21.93)            |
| Benefits                              | 2,468,978         | 4,212,966           | 1,743,988 F             | (67,733)         | 1,811,721             | 710.29                 | 1,231.50         | 521.21             |
| Supplies                              | 6,046,544         | 5,326,861           | (719,683) U             | (85,641)         | (634,042)             | 1,739.51               | 1,557.11         | (182.41)           |
| Prof Fees & Purch Svc                 | 5,755,967         | 4,891,726           | (864,240) U             | (78,645)         | (785,596)             | 1,655.92               | 1,429.91         | (226.01)           |
| Depreciation                          | 1,786,633         | 1,782,415           | (4,218) U               | (28,656)         | 24,438                | 513.99                 | 521.02           | 7.03               |
| Other                                 | 2,081,542         | 2,217,335           | 135,793 F               | (35,648)         | 171,441               | 598.83                 | 648.15           | 49.32              |
| <b>Total Expenses</b>                 | <b>35,190,463</b> | <b>35,137,275</b>   | <b>(53,188) U</b>       | <b>(564,908)</b> | <b>511,720</b>        | <b>10,123.84</b>       | <b>10,271.05</b> | <b>147.22</b>      |
| <b>Net Inc Before Non-Oper Income</b> | <b>(104,970)</b>  | <b>1,214,543</b>    | <b>(1,319,513) U</b>    | <b>19,526</b>    | <b>(1,339,039)</b>    | <b>(30.20)</b>         | <b>355.03</b>    | <b>(385.22)</b>    |
| Property Tax Revenue                  | 1,125,000         | 1,125,000           | - -                     | 18,087           | (18,087)              | 323.65                 | 328.85           | (5.20)             |
| Non-Operating Income                  | (116,618)         | 66,319              | (182,937) U             | 1,066            | (184,003)             | (33.55)                | 19.39            | (52.94)            |
| <b>Net Income (Loss)</b>              | <b>\$ 903,412</b> | <b>\$ 2,405,862</b> | <b>\$ (1,502,450) U</b> | <b>\$ 38,679</b> | <b>\$ (1,541,129)</b> | <b>\$ 259.90</b>       | <b>\$ 703.26</b> | <b>\$ (443.36)</b> |
| Net Income Margin                     | 2.4%              | 6.3%                | (3.9%)                  |                  |                       |                        |                  |                    |
| OEBITDA Margin w/o Prop Tax           | 4.4%              | 7.9%                | (3.5%)                  |                  |                       |                        |                  |                    |
| OEBITDA Margin with Prop Tax          | 7.4%              | 10.8%               | (3.4%)                  |                  |                       |                        |                  |                    |

F= Favorable variance  
U= Unfavorable variance

# FISCAL YEAR 2008

## Income Statement: Current vs. Prior Year-to-Date

### Consolidated – Adjusted Discharges

|                                       | Variance         |                |                  | \$/Adjusted Discharges |                |             |              |             |
|---------------------------------------|------------------|----------------|------------------|------------------------|----------------|-------------|--------------|-------------|
|                                       | March 08 YTD     | March 07 YTD   | Variance         | Volume                 | Rate/Eff       | Actual      | Budget       | Variance    |
| <b>Statistics:</b>                    |                  |                |                  |                        |                |             |              |             |
| Admissions - Acute                    | 21,817           | 21,665         | 152              |                        |                |             |              |             |
| Admissions - SNF                      | 804              | 862            | (58)             |                        |                |             |              |             |
| Patient Days - Acute                  | 86,476           | 83,854         | 2,622            |                        |                |             |              |             |
| Patient Days - SNF                    | 56,979           | 57,757         | (778)            |                        |                |             |              |             |
| ALOS - Acute                          | 3.94             | 3.83           | 0.11             |                        |                |             |              |             |
| ALOS - SNF                            | 71.58            | 67.55          | 4.03             |                        |                |             |              |             |
| Adjusted Discharges                   | 30,145           | 29,728         | 417              |                        |                |             |              |             |
| <b>Revenue:</b>                       |                  |                |                  |                        |                |             |              |             |
| Gross Revenue                         | \$ 1,059,172,205 | \$ 925,476,135 | \$ 133,696,070 F | \$ 12,981,820          | \$ 120,714,250 | \$35,135.92 | \$ 31,131.46 | \$ 4,004.45 |
| Deductions from Rev                   | (747,809,804)    | (639,701,117)  | (108,108,687) U  | (8,973,203)            | (99,135,484)   | (24,807.09) | (21,518.47)  | (3,288.62)  |
| Net Patient Revenue                   | 311,362,401      | 285,775,018    | 25,587,383 F     | 4,008,618              | 21,578,765     | 10,328.82   | 9,612.99     | 715.83      |
| Other Oper Revenue                    | 6,570,691        | 7,820,767      | (1,250,076) U    | 109,703                | (1,359,779)    | 217.97      | 263.08       | (45.11)     |
| <b>Total Net Revenue</b>              | 317,933,092      | 293,595,785    | 24,337,307 F     | 4,118,321              | 20,218,986     | 10,546.79   | 9,876.07     | 670.72      |
| <b>Expenses:</b>                      |                  |                |                  |                        |                |             |              |             |
| Salaries, Wages & Contr Labor         | 154,782,740      | 138,212,385    | (16,570,355) U   | (1,938,730)            | (14,631,625)   | 5,134.61    | 4,649.23     | (485.37)    |
| Benefits                              | 35,631,854       | 35,340,455     | (291,399) U      | (495,727)              | 204,328        | 1,182.02    | 1,188.79     | 6.78        |
| Supplies                              | 50,026,913       | 45,411,834     | (4,615,079) U    | (637,000)              | (3,978,079)    | 1,659.54    | 1,527.58     | (131.96)    |
| Prof Fees & Purch Svc                 | 46,600,186       | 39,457,218     | (7,142,968) U    | (553,473)              | (6,589,495)    | 1,545.87    | 1,327.27     | (218.59)    |
| Depreciation                          | 16,087,119       | 14,829,315     | (1,257,804) U    | (208,013)              | (1,049,791)    | 533.66      | 498.83       | (34.82)     |
| Other                                 | 18,495,337       | 16,728,376     | (1,766,961) U    | (234,652)              | (1,532,309)    | 613.55      | 562.71       | (50.83)     |
| <b>Total Expenses</b>                 | 321,624,149      | 289,979,583    | (31,644,566) U   | (4,067,596)            | (27,576,970)   | 10,669.24   | 9,754.43     | (914.81)    |
| <b>Net Inc Before Non-Oper Income</b> | (3,691,057)      | 3,616,202      | (7,307,259) U    | 50,725                 | (7,357,984)    | (122.44)    | 121.64       | (244.09)    |
| Property Tax Revenue                  | 10,125,000       | 9,487,494      | 637,506 F        | 133,083                | 504,423        | 335.88      | 319.14       | 16.73       |
| Non-Operating Income                  | 3,873,530        | 2,137,213      | 1,736,317 F      | 29,979                 | 1,706,338      | 128.50      | 71.89        | 56.60       |
| <b>Net Income (Loss)</b>              | \$ 10,307,473    | \$ 15,240,909  | \$ (4,933,436) U | \$ 213,787             | \$ (5,147,223) | \$ 341.93   | \$ 512.68    | \$ (170.75) |
| Net Income Margin                     | 3.0%             | 4.9%           | (1.9%)           |                        |                |             |              |             |
| OEBITDA Margin w/o Prop Tax           | 3.6%             | 5.9%           | (2.3%)           |                        |                |             |              |             |
| OEBITDA Margin with Prop Tax          | 6.6%             | 9.0%           | (2.4%)           |                        |                |             |              |             |

F= Favorable variance  
U= Unfavorable variance

# FISCAL YEAR 2008

## Income Statement: Fiscal Year Projection

### Consolidated – Adjusted Discharges

|                                       | Variance             |                      |                         | \$/Adjusted Discharges |                       |                  |                  |                    |
|---------------------------------------|----------------------|----------------------|-------------------------|------------------------|-----------------------|------------------|------------------|--------------------|
|                                       | 9 Act + 3 Bud        | FY 08 Budget         | Variance                | Volume                 | Rate/Eff              | Actual           | Budget           | Variance           |
| <b>Statistics:</b>                    |                      |                      |                         |                        |                       |                  |                  |                    |
| Admissions - Acute                    | 29,235               | 29,827               | (592)                   |                        |                       |                  |                  |                    |
| Admissions - SNF                      | 1,089                | 1,147                | (58)                    |                        |                       |                  |                  |                    |
| Patient Days - Acute                  | 114,846              | 114,111              | 735                     |                        |                       |                  |                  |                    |
| Patient Days - SNF                    | 76,171               | 77,263               | (1,092)                 |                        |                       |                  |                  |                    |
| Adjusted Discharges                   | 40,189               | 40,397               | (208)                   |                        |                       |                  |                  |                    |
| <b>Revenue:</b>                       |                      |                      |                         |                        |                       |                  |                  |                    |
| Gross Revenue                         | \$ 1,395,660,659     | \$ 1,353,265,267     | \$ 42,395,393 F         | \$ (6,967,824)         | \$ 49,363,216         | \$ 34,727.43     | \$ 33,499.15     | \$ 1,228.28        |
| Deductions from Rev                   | (981,247,977)        | (938,883,067)        | (42,364,910) U          | 4,834,212              | (47,199,122)          | (24,415.83)      | (23,241.41)      | (1,174.43)         |
| Net Patient Revenue                   | 414,412,682          | 414,382,200          | 30,483 F                | (2,133,611)            | 2,164,093             | 10,311.59        | 10,257.75        | 53.85              |
| Other Oper Revenue                    | 10,345,093           | 15,097,606           | (4,752,513) U           | (77,736)               | (4,674,777)           | 257.41           | 373.73           | (116.32)           |
| <b>Total Net Revenue</b>              | <b>424,757,775</b>   | <b>429,479,806</b>   | <b>(4,722,030) U</b>    | <b>(2,211,347)</b>     | <b>(2,510,684)</b>    | <b>10,569.01</b> | <b>10,631.48</b> | <b>(62.47)</b>     |
| <b>Expenses:</b>                      |                      |                      |                         |                        |                       |                  |                  |                    |
| Salaries, Wages & Contr Labor         | 203,861,411          | 197,354,158          | (6,507,252) U           | 1,016,156              | (7,523,409)           | 5,072.57         | 4,885.37         | (187.20)           |
| Benefits                              | 48,004,574           | 49,757,147           | 1,752,573 F             | 256,194                | 1,496,379             | 1,194.47         | 1,231.70         | 37.23              |
| Supplies                              | 65,674,126           | 62,914,273           | (2,759,852) U           | 323,939                | (3,083,792)           | 1,634.13         | 1,557.40         | (76.73)            |
| Prof Fees & Purch Svc                 | 61,145,263           | 60,928,830           | (216,432) U             | 313,716                | (530,149)             | 1,521.44         | 1,508.25         | (13.19)            |
| Depreciation                          | 21,434,365           | 21,343,632           | (90,732) U              | 109,896                | (200,629)             | 533.34           | 528.35           | (4.99)             |
| Other                                 | 25,076,008           | 26,393,963           | 1,317,955 F             | 135,900                | 1,182,055             | 623.95           | 653.36           | 29.41              |
| <b>Total Expenses</b>                 | <b>425,195,747</b>   | <b>418,692,003</b>   | <b>(6,503,740) U</b>    | <b>2,155,802</b>       | <b>(8,659,546)</b>    | <b>10,579.90</b> | <b>10,364.43</b> | <b>(215.47)</b>    |
| <b>Net Inc Before Non-Oper Income</b> | <b>(437,972)</b>     | <b>10,787,803</b>    | <b>(11,225,770) U</b>   | <b>(55,545)</b>        | <b>(11,170,230)</b>   | <b>(10.90)</b>   | <b>267.04</b>    | <b>(277.94)</b>    |
| Property Tax Revenue                  | 13,500,000           | 13,500,000           | - -                     | (69,510)               | 69,510                | 335.91           | 334.18           | 1.73               |
| Non-Operating Income                  | 4,072,487            | 795,822              | 3,276,665 F             | (4,098)                | 3,280,763             | 101.33           | 19.70            | 81.63              |
| <b>Net Income (Loss)</b>              | <b>\$ 17,134,515</b> | <b>\$ 25,083,625</b> | <b>\$ (7,949,105) U</b> | <b>\$ (129,153)</b>    | <b>\$ (7,819,957)</b> | <b>\$ 426.35</b> | <b>\$ 620.93</b> | <b>\$ (194.58)</b> |
| Net Income Margin                     | 3.8%                 | 5.6%                 | (1.8%)                  |                        |                       |                  |                  |                    |
| OEBITDA Margin w/o Prop Tax           | 4.6%                 | 7.1%                 | (2.5%)                  |                        |                       |                  |                  |                    |
| OEBITDA Margin with Prop Tax          | 7.6%                 | 10.1%                | (2.5%)                  |                        |                       |                  |                  |                    |

F= Favorable variance  
U= Unfavorable variance

## Statement of Cash Flows

| <b>Fiscal Year 2008</b>                                                                            | <b>March</b> | <b>YTD</b>    |
|----------------------------------------------------------------------------------------------------|--------------|---------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                                       |              |               |
| Income (Loss) from operations                                                                      | (104,970)    | (3,691,557)   |
| <b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b> |              |               |
| Depreciation Expense                                                                               | 1,786,633    | 16,087,119    |
| Provision for bad debts                                                                            | 3,425,901    | 31,651,432    |
| <b>Changes in operating assets and liabilities:</b>                                                |              |               |
| Patient accounts receivable                                                                        | (5,535,821)  | (41,345,921)  |
| Property Tax and other receivables                                                                 | (2,080,023)  | (22,426,649)  |
| Inventories                                                                                        | (247,324)    | (267,344)     |
| Prepaid expenses and Other Non-Current assets                                                      | 280,410      | (2,228,319)   |
| Accounts payable                                                                                   | (3,993,618)  | (17,804,059)  |
| Accrued compensation                                                                               | (284,907)    | 3,365,249     |
| Estimated settlement amounts due third-party payors                                                | 245,509      | 1,806,400     |
| Other current liabilities                                                                          | 1,929,758    | 19,241,282    |
| Net cash provided by operating activities                                                          | (4,578,452)  | (15,612,367)  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                                       |              |               |
| Net (purchases) sales of investments                                                               | 6,813,060    | (155,882,217) |
| Interest (Loss) received on investments                                                            | 276,292      | 7,005,153     |
| Investment in affiliates                                                                           | 202,274      | (1,762,830)   |
| Net cash used in investing activities                                                              | 7,291,626    | (150,639,894) |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>                                           |              |               |
| Receipt of G.O. Bond Taxes                                                                         | 323,273      | 6,922,712     |
| Receipt of District Taxes                                                                          | 365,439      | 8,110,125     |
| Net cash used in non-capital financing activities                                                  | 688,712      | 15,032,837    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                                   |              |               |
| Acquisition of property plant and equipment                                                        | (9,839,812)  | (63,334,448)  |
| Proceeds from sale of asset                                                                        | 0            | 0             |
| Deferred Financing Costs                                                                           | (4,938)      | (15,417,050)  |
| G.O. Bond Interest paid                                                                            | 0            | (3,382,325)   |
| Revenue Bond Interest paid                                                                         | 0            | (1,856,203)   |
| Proceeds from issuance of debt                                                                     | 0            | 246,791,175   |
| Payments of Long Term Debt                                                                         | 0            | (13,220,000)  |
| Net cash used in activities                                                                        | (9,844,750)  | 149,581,149   |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                        | (6,442,864)  | (1,638,275)   |
| <b>CASH AND CASH EQUIVALENTS - Beginning of period</b>                                             | 10,065,937   | 5,261,349     |
| <b>CASH AND CASH EQUIVALENTS - End of period</b>                                                   | 3,623,073    | 3,623,073     |

## Bond Covenant Ratios

| Cushion Ratio                                                    | Jun-06          | Jun-07          | Mar-08            |
|------------------------------------------------------------------|-----------------|-----------------|-------------------|
| Cash and Cash Equivalents                                        | 112,036,430     | 109,213,349     | 69,610,406        |
| Board Designated Reserves                                        | 9,267,526       | -               | 12,378,705        |
| Trustee-held Funds (Revenue Fund only)                           | 252,463         | 249,531         | 134,445           |
| Total                                                            | 121,556,419     | 109,462,880     | 82,123,556        |
| Divided by:                                                      |                 |                 |                   |
| Annual Debt Service (excludes GO Bonds)<br>(Bond Year 11/1/2008) | 10,697,594      | 16,972,692      | 16,972,692        |
| <b>Cushion Ratio</b>                                             | <b>11.4</b>     | <b>6.4</b>      | <b>4.8</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>   |
| Days Cash on Hand                                                | Jun-06          | Jun-07          | Mar-08            |
| Cash and Cash Equivalents                                        | 112,036,430     | 109,213,349     | 69,610,406        |
| Board Designated Reserves                                        | 9,267,526       | -               | 12,378,705        |
| Trustee-held Funds (Revenue Fund only)                           | 252,463         | 249,531         | 134,445           |
| Total                                                            | 121,303,956     | 109,213,349     | 82,123,556        |
| Divide Total by Average Adjusted Expenses per Day                |                 |                 |                   |
| Total Expenses                                                   | 364,120,335     | 385,355,509     | 321,624,149       |
| Less: Depreciation                                               | 18,737,467      | 19,453,013      | 16,087,119        |
| Adjusted Expenses                                                | 345,382,868     | 365,902,496     | 305,537,030       |
| Number of days in period                                         | 365             | 365             | 275               |
| Average Adjusted Expenses per Day                                | 946,254         | 1,002,473       | 1,111,044         |
| <b>Days Cash on Hand</b>                                         | <b>128</b>      | <b>109</b>      | <b>74</b>         |
| <b>REQUIREMENT</b>                                               | <b>90</b>       | <b>80</b>       | <b>80</b>         |
|                                                                  | <b>Achieved</b> | <b>Achieved</b> | <b>NOT ACH'VD</b> |
| Net Income Available for Debt Service                            | Jun-06          | Jun-07          | Mar-08            |
| Excess of revenue over expenses Cur Mo.                          | 1,315,850       | 2,963,446       | 903,412           |
| Excess of revenues over expenses YTD<br>(General Funds)          | 11,558,633      | 21,974,509      | 10,307,473        |
| ADD:                                                             |                 |                 |                   |
| Depreciation and Amortization                                    | 18,737,467      | 19,453,013      | 16,087,119        |
| Interest Expense                                                 | 4,405,929       | 3,343,683       | 3,394,733         |
| Net Income Available for Debt Service                            | 34,702,029      | 44,771,205      | 29,789,325        |
| Aggregate Debt Service                                           |                 |                 |                   |
| 1993 Insured Refunding Revenue Bonds                             | 3,639,772       | 0               | 0                 |
| 1999 Insured Refunding Revenue Bonds                             | 6,950,508       | 8,249,916       | 6,188,164         |
| 2006 Certificates of Participation                               |                 | 4,373,342       | 5,725,280         |
| Aggregate Debt Service                                           | 10,590,280      | 12,623,258      | 11,913,444        |
| <b>Net Income Available for Debt Service</b>                     | <b>3.28</b>     | <b>3.55</b>     | <b>2.50</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>   |

Quarterly Investment Analysis  
End March 31, 2008

| Investment Account:                               | % of Portfolio<br>at 3/31/08 | Maturity<br>Date | Yield | Benchmark       |            | Actual to Benchmark<br>Variance |
|---------------------------------------------------|------------------------------|------------------|-------|-----------------|------------|---------------------------------|
| Fidelity-Institutional Portfolio<br>Treasury Fund | 1.26%                        | Demand           | 4.03% | 4.20%           | (1)        | (0.17%)                         |
| State Treasurer<br>Local Agency Investment Fund   | 0.76%                        | Demand           | 4.18% | 4.20%           | (1), (2)   | (0.02%)                         |
| Salomon Brothers                                  | 45.00%                       | Various          | 2.80% | 3.00%<br>(9.4%) | (3)<br>(4) | (0.20%)<br>12.20%               |
| Pacific Income Advisors, Inc.                     | 43.02%                       | Various          | 2.80% | 3.0%<br>(9.4%)  | (5)<br>(4) | (0.20%)<br>12.20%               |
| Morgan Stanley & Co.                              | 9.96%                        | Various          | 4.19% | 4.2%            | (1)        | (0.01%)                         |
| Total:                                            | <u>100.00%</u>               |                  |       |                 |            |                                 |

(1) Approximate average of 90 day T-Bills

(2) LAIF annual average return based upon monthly yields

(3) LB Intermediate Government Credits

(4) S&amp;P 500

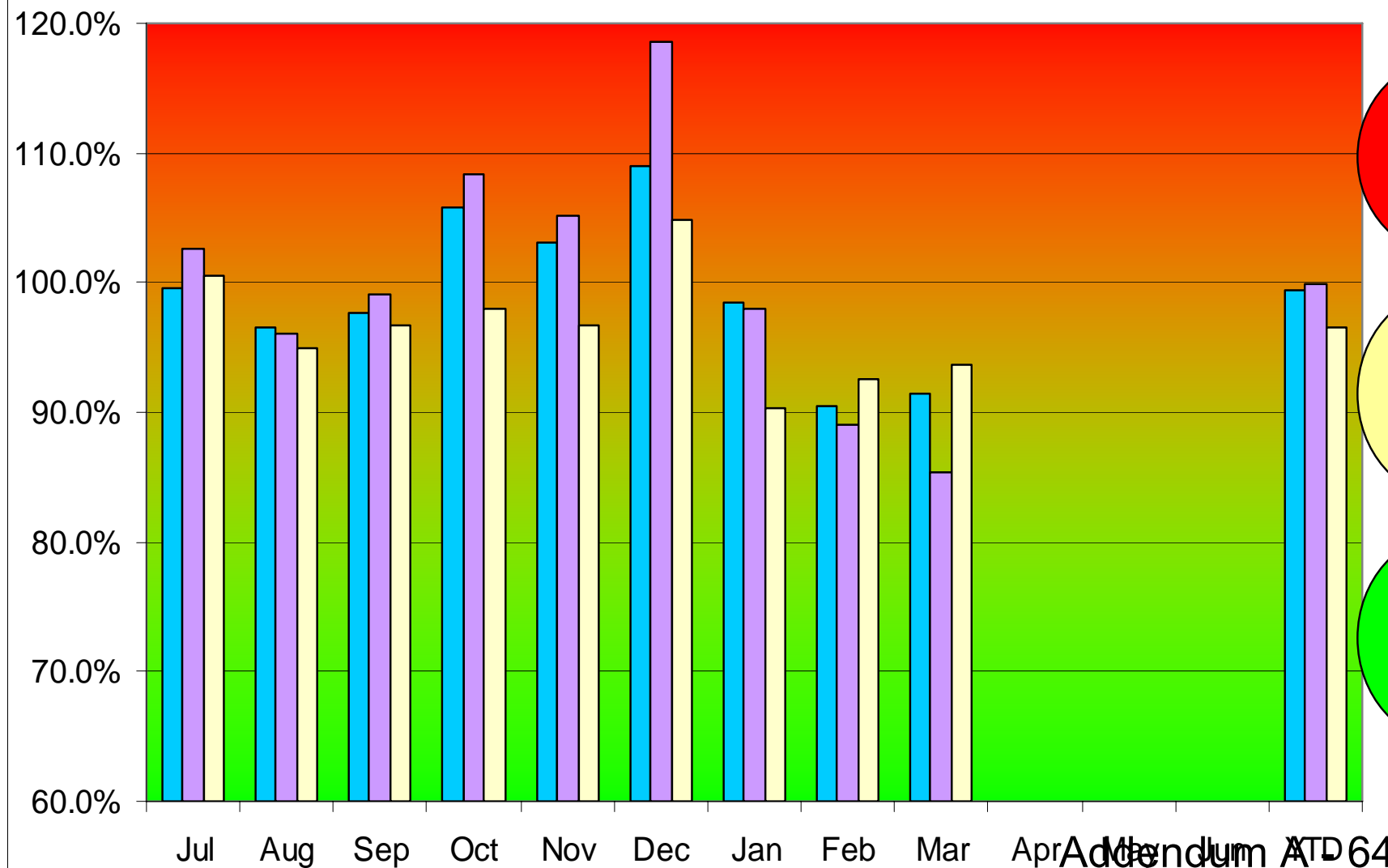
(5) LB 1-3 yr Government Credits



Balanced Scorecard  
Financial Indicators – Consolidated

## Total Consolidated Financial Indicators BSC-FY08

% exp /wtd pt day    % SWB/wt pt day    % Prod FTE/AOB



&gt;104%

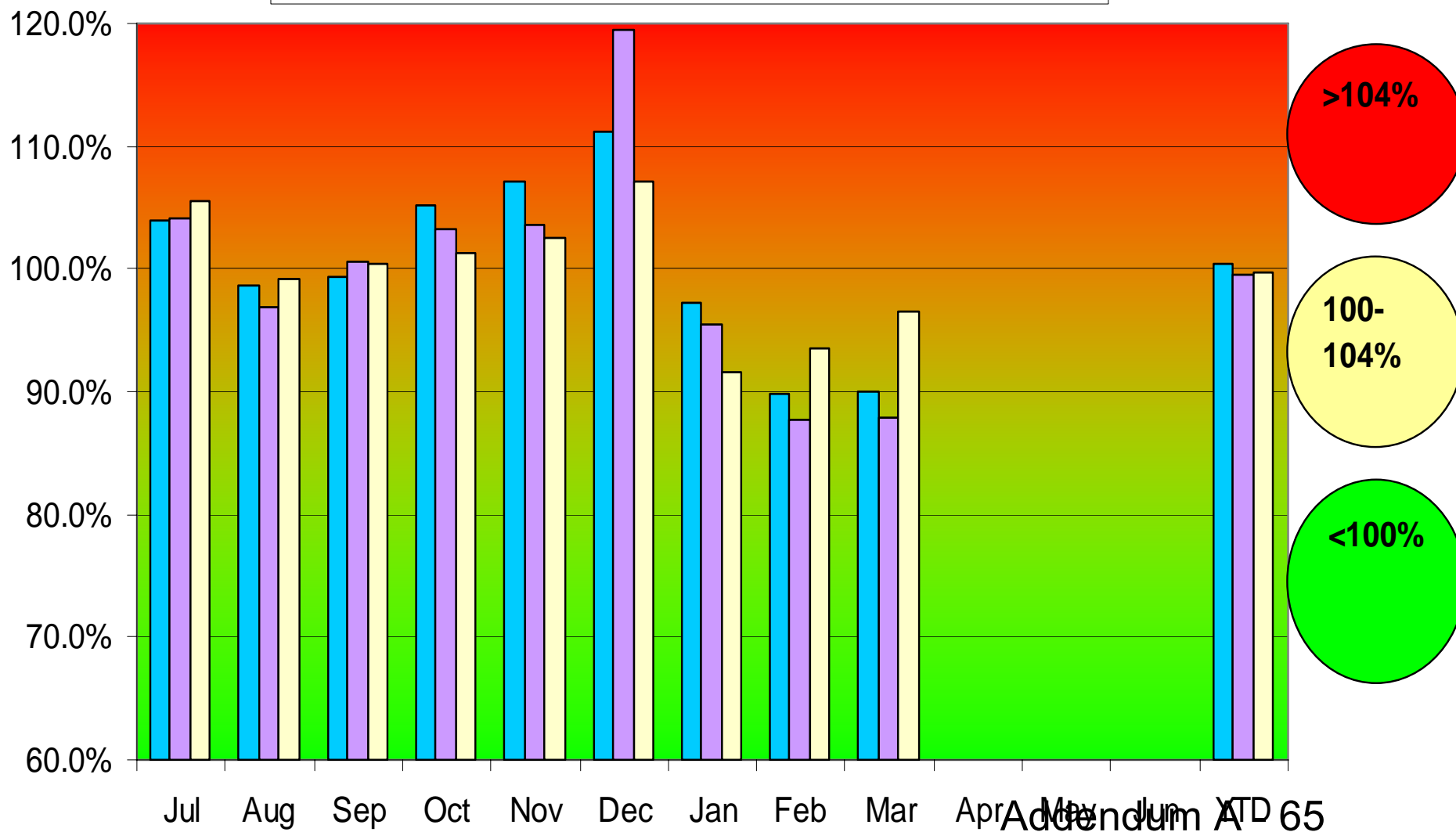
100-  
104%

&lt;100%

Balanced Scorecard  
Financial Indicators – North

## North Consolidated Financial Indicators BSC-FY08

% exp /wtd pt day    % SWB/wt pt day    % Prod FTE/AOB



&gt;104%

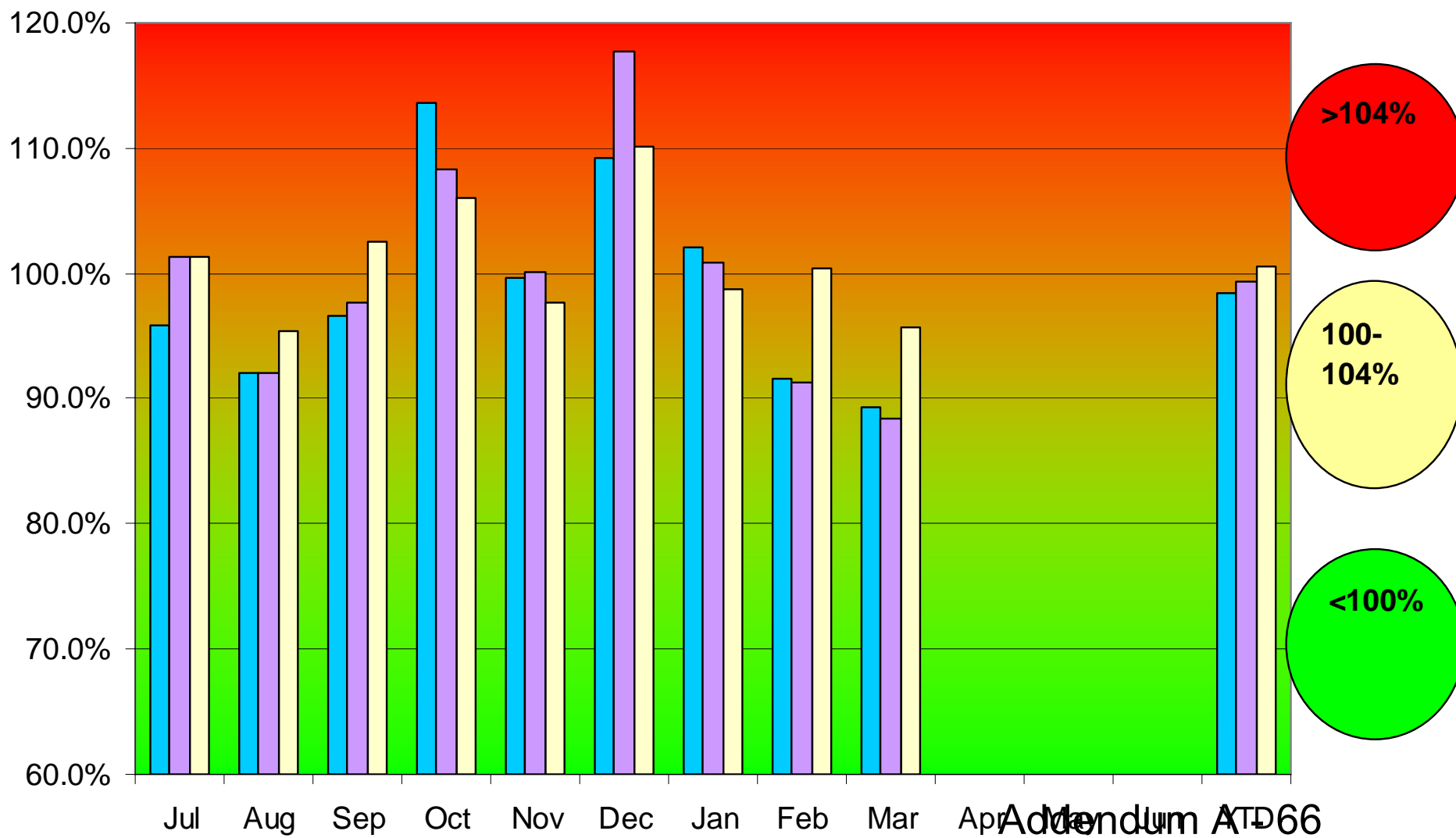
100-  
104%

&lt;100%

Balanced Scorecard  
Financial Indicators – South

## South Consolidated Financial Indicators BSC-FY08

■ % exp /wtd pt day ■ % SWB/wt pt day ■ % Prod FTE/AOB

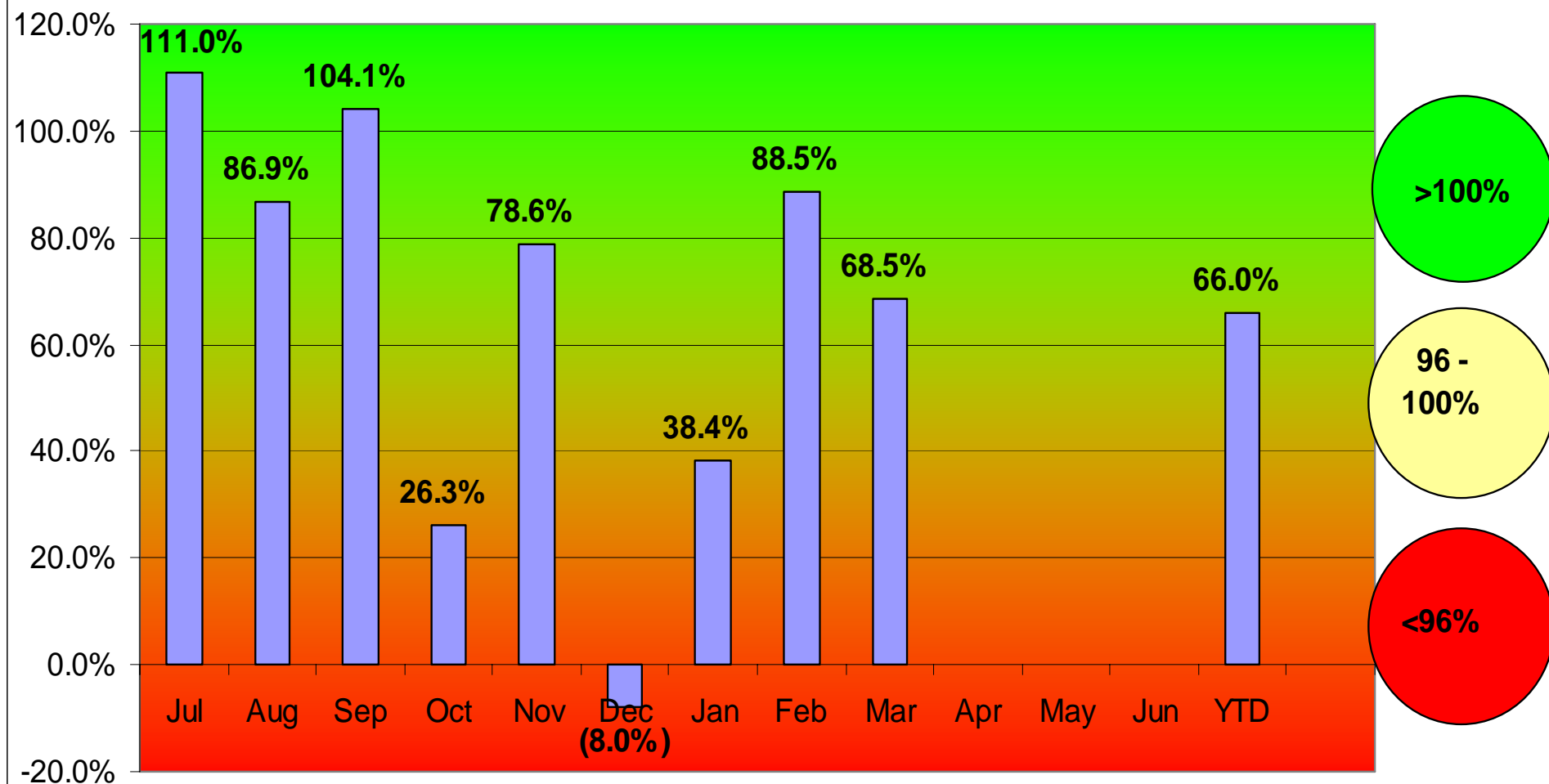


## Balanced Scorecard

OEBITDA w/ Property Taxes – Consolidated

## Total Consolidated OEBITDA w/ Prop Taxes -FY08

% of Actual to Budget

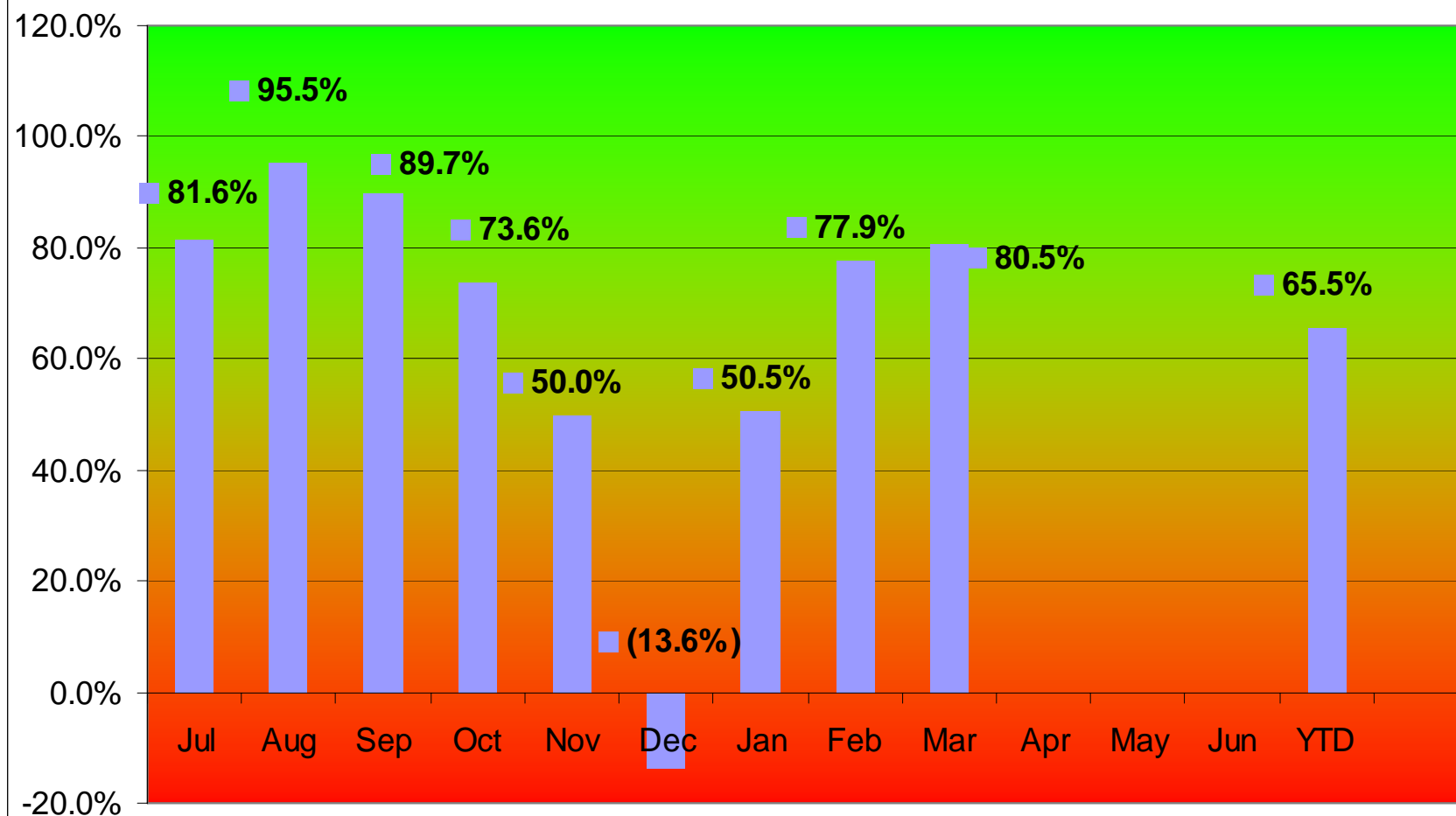


## Balanced Scorecard

OEBITDA w/ Property Taxes – North

## North Consolidated OEBITDA w/ Prop Taxes - FY08

% of Actual to Budget



&gt;100%

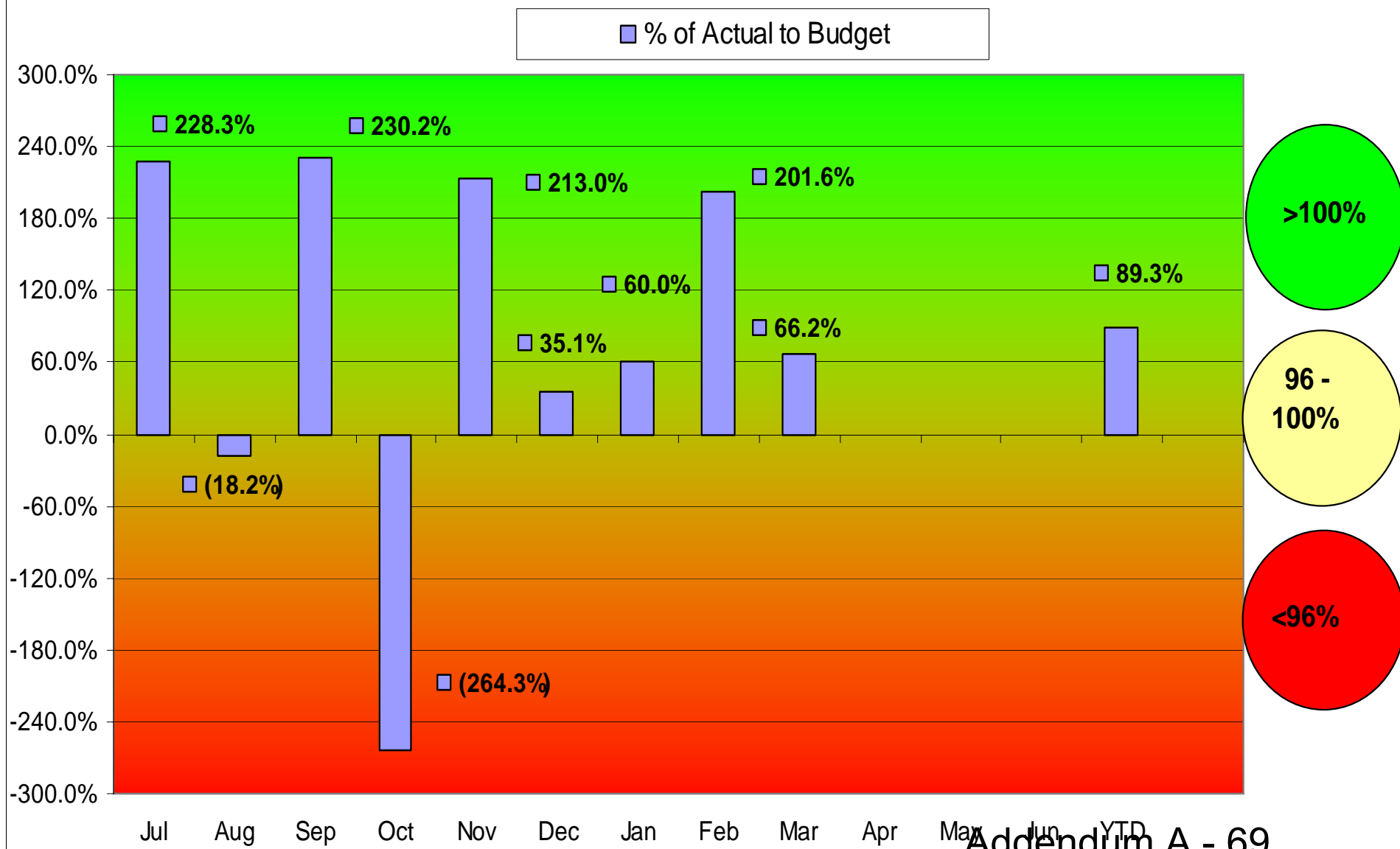
96 -  
100%

&lt;96%

## Balanced Scorecard

OEBITDA w/ Property Taxes – South

## South Consolidated OEBITDA w/ Prop Taxes - FY08



Revenue Cycle Key Indicators  
Trend Report

|                                    | Source       | Current Month<br>End | Most Recent<br>Month End | Most Recent<br>Month End | Current Fiscal<br>Year Year-to-Date | Most Recent Year<br>End | Prior Year Y-T-D | Change from Prior<br>Month |
|------------------------------------|--------------|----------------------|--------------------------|--------------------------|-------------------------------------|-------------------------|------------------|----------------------------|
| Period Ending<br>Days in Period    |              | 3/31/2008<br>31      | 2/29/2008<br>29          | 1/31/2008<br>31          | 3/31/2008<br>275                    | 6/30/2007<br>365        | 3/31/2007<br>274 |                            |
| <b>Revenue</b>                     |              |                      |                          |                          |                                     |                         |                  |                            |
| Gross for Month (Month to Date)    |              | 124,330,002          | 118,302,671              | 118,313,389              | \$ 1,037,477,965                    | \$ 1,205,732,433        | \$ 902,458,554   | \$ 6,027,331               |
| Net Revenue                        | Financials   | 37,547,661           | 32,936,772               | 34,212,880               | \$ 306,839,515                      | \$ 371,016,682          | \$ 274,741,045   | \$ 4,610,889               |
| Net:Gross %                        | Financials   | 30.2%                | 27.8%                    | 28.9%                    | 29.6%                               | 30.8%                   | 30.4%            | 2.4%                       |
| Last 3 Month Daily Average (Gross) | Financials   | 3,966,440            | 3,836,472                | 3,723,488                | \$ 3,772,647                        | \$ 3,303,377            | \$ 3,293,644     | \$ 129,968                 |
| Last 3 Month Daily Average (Net)   | Financials   | 1,150,520            | 1,107,814                | 1,115,253                | 1,115,780                           | 1,016,484               | 1,002,705        | 42,706                     |
| <b>Cash Collections</b>            |              |                      |                          |                          |                                     |                         |                  |                            |
| Month to Date                      | Cash Rpt     | 33,639,070           | 32,002,678               | 34,370,722               | \$ 293,764,884                      | \$ 357,733,249          | \$ 257,209,341   | \$ 1,636,392               |
| Month to Date Goal                 | Cash Rpt     | 35,911,050           | 34,852,941               | 34,036,853               | 303,871,056                         | 358,561,284             | 268,920,963      | \$ 1,058,109               |
| Over (under) Goal                  |              | (2,271,980)          | (2,850,263)              | 333,869                  | \$ (10,106,172)                     | \$ (828,035)            | \$ (11,711,622)  | \$ 578,283                 |
| % of Goal                          | Calc         | 94%                  | 92%                      | 101%                     | 96.7%                               | 99.8%                   | 95.6%            | 1.9%                       |
| Point of Service Collections       | Cash 10 days | 283,564              | 245,741                  | 295,094                  | \$ 2,462,066                        | \$ 3,244,728            | \$ 2,381,059     | \$ 37,823                  |
| Month to Date Goal                 | Cash 10 days | 328,000              | 328,000                  | 328,000                  | 1,875,000                           | 3,265,740               | 2,449,305        | -                          |
| Over (under) Goal                  |              | \$ (44,436)          | \$ (82,259)              | \$ (32,906)              | \$ 587,066                          | \$ (21,012)             | \$ (68,246)      | \$ 37,823                  |
| % of Goal                          | Calc         | 86.5%                | 74.9%                    | 90.0%                    | 131.3%                              | 99.4%                   | 97.2%            | 11.5%                      |
| <b>Accounts Receivable</b>         |              |                      |                          |                          |                                     |                         |                  |                            |
| 0-30                               | AR Comp      | \$ 92,648,411        | \$ 92,486,299            | \$ 83,759,963            |                                     | \$ 73,718,929           | \$ 78,128,935    | \$ 162,112                 |
| 31-60                              | AR Comp      | 33,589,285           | 26,489,921               | 28,978,153               |                                     | 19,857,146              | 28,724,286       | 7,099,364                  |
| 61-90                              | AR Comp      | 15,439,708           | 16,860,915               | 17,180,246               |                                     | 13,499,609              | 17,414,985       | (1,421,207)                |
| 91-180                             | AR Comp      | 27,323,121           | 27,873,599               | 26,124,659               |                                     | 26,694,468              | 27,656,550       | (550,478)                  |
| Over 180                           | AR Comp      | 25,332,012           | 24,750,643               | 22,910,978               |                                     | 21,653,269              | 26,789,868       | 581,369                    |
| Total                              | Calc         | \$ 194,332,537       | \$ 188,461,377           | \$ 178,954,001           |                                     | \$ 155,423,421          | \$ 178,714,624   | \$ 5,871,160               |
| A/R Days (Gross)                   | Calc         | 48.99                | 49.12                    | 48.06                    |                                     | 47.05                   | 54.26            | (0.13)                     |
| % of AR aged over 180 days         | calc         | 13.0%                | 13.1%                    | 12.8%                    |                                     | 14%                     | 15.0%            | 0.00                       |
| Number of Accounts                 | ATB          | 61,917               | 60,133                   | 59,792                   |                                     | 61,809                  | NA               | 1,784                      |
| <b>Credit Balance Accounts:</b>    |              |                      |                          |                          |                                     |                         |                  |                            |
| Dollars ATB                        |              | \$ (1,580,476)       | \$ (1,828,298)           | \$ (1,786,521)           |                                     | \$ (3,955,501)          |                  | \$ 247,822                 |
| Number of Accounts ATB             |              | 1,847                | 1,434                    | 1,152                    |                                     | 1,642                   |                  | 413                        |

Revenue Cycle Key Indicators  
Trend Report

|                                     | Source                          | Current Month<br>End | Most Recent<br>Month End | Most Recent<br>Month End | Current Fiscal<br>Year Year-to-Date | Most Recent Year<br>End | Prior Year Y-T-D | Change from Prior<br>Month |
|-------------------------------------|---------------------------------|----------------------|--------------------------|--------------------------|-------------------------------------|-------------------------|------------------|----------------------------|
|                                     | Period Ending<br>Days in Period | 3/31/2008<br>31      | 2/29/2008<br>29          | 1/31/2008<br>31          | 3/31/2008<br>275                    | 6/30/2007<br>365        | 3/31/2007<br>274 |                            |
| Accounts Receivable by Major Payer  |                                 |                      |                          |                          |                                     |                         |                  |                            |
| Medicare                            | AR Comp                         | 47,068,606           | 43,034,471               | 40,209,105               |                                     | \$ 31,212,504           | \$ 33,973,617    | \$ 4,034,135               |
| Last 3 months daily average revenue | Lawson                          | 1,130,598            | 1,083,838                | 1,040,586                |                                     | 965,874                 | 953,495          | \$ 46,760                  |
| Gross Days revenue outstanding      | Calc                            | 41.63                | 39.71                    | 38.64                    |                                     | 32.32                   | 35.63            | 1.93                       |
| MediCal (Includes M-Cal HMO)        | AR Comp                         | 28,438,805           | 27,179,916               | 27,946,463               |                                     | 23,655,071              | 27,304,901       | 1,258,889                  |
| Last 3 months daily average revenue | Lawson                          | 708,846              | 666,936                  | 624,412                  |                                     | 522,046                 | 634,519          | 41,909                     |
| Gross Days revenue outstanding      | Calc                            | 40.12                | 40.75                    | 44.76                    |                                     | 45.31                   | 43.03            | (0.63)                     |
| Comm/Managed Care (Incl Mcare HMO)  | AR Comp                         | 86,482,646           | 84,715,775               | 79,369,918               |                                     | 72,445,182              | 82,670,588       | 1,766,871                  |
| Last 3 months daily average revenue | Lawson                          | 1,978,207            | 1,903,770                | 1,875,933                |                                     | 1,679,046               | 1,729,748        | 74,437                     |
| Gross Days revenue outstanding      | Calc                            | 43.72                | 44.50                    | 42.31                    |                                     | 43.15                   | 47.79            | (0.78)                     |
| Self-Pay                            | AR Comp                         | 32,342,481           | 33,531,215               | 31,428,515               |                                     | 28,110,665              | 35,090,974       | (1,188,734)                |
| Last 3 months daily average revenue | Lawson                          | 148,789              | 181,928                  | 182,557                  |                                     | 165,713                 | 140,844          | (33,139)                   |
| Gross Days revenue outstanding      | Calc                            | 217.37               | 184.31                   | 172.16                   |                                     | 169.63                  | 249.15           | 33.06                      |
| Accounts to Collections             |                                 |                      |                          |                          |                                     |                         |                  |                            |
| M-T-D Amount net of Recovery        | Adj Rpt                         | 5,051,833            | 2,196,785                | 4,598,857                | 25,361,952                          | 28,183,764              | \$ 1,779,179     | \$ 2,855,049               |
| % of Gross Revenue (Target < 2%)    |                                 | 4.1%                 | 1.9%                     | 3.9%                     | 2.4%                                | 2.3%                    | 0.2%             | 2.2%                       |
| Charity & Undocumented Write-offs   | Adj Rpt                         |                      |                          |                          |                                     |                         |                  |                            |
| M-T-D Amount                        |                                 | 2,909,266            | 1,161,882                | 1,149,039                | 17,467,331                          | 13,375,244              | \$ 1,400,432     | \$ 1,747,385               |
| % of Gross Revenue (Target < 2%)    |                                 | 2.3%                 | 1.0%                     | 1.0%                     | 1.7%                                | 1.1%                    | 0.2%             | 1.4%                       |
| Denial & Other Admin Adjustments    | Adj Rpt                         |                      |                          |                          |                                     |                         |                  |                            |
| M-T-D Amount                        |                                 | 397,845              | 566,363                  | 449,194                  | 4,623,494                           | 3,471,349               | \$ 370,843       | \$ (168,517)               |
| % of Gross Revenue (Target < 1%)    |                                 | 0.3%                 | 0.5%                     | 0.4%                     | 0.4%                                | 0.3%                    | 0.0%             | (0.2%)                     |



Revenue Cycle Key Indicators  
Trend Report

| Source                                                | Current Month<br>End | Most Recent<br>Month End | Most Recent<br>Month End | Current Fiscal<br>Year Year-to-Date | Most Recent Year<br>End | Prior Year Y-T-D | Change from Prior<br>Month |
|-------------------------------------------------------|----------------------|--------------------------|--------------------------|-------------------------------------|-------------------------|------------------|----------------------------|
| Period Ending<br>Days in Period                       | 3/31/2008<br>31      | 2/29/2008<br>29          | 1/31/2008<br>31          | 3/31/2008<br>275                    | 6/30/2007<br>365        | 3/31/2007<br>274 |                            |
| <b>Discharged Not Final Billed (DNFB)</b>             |                      |                          |                          |                                     |                         |                  |                            |
| <b>DNFB Action Required</b>                           |                      |                          |                          |                                     |                         |                  |                            |
| HIM (Waiting for Coding) DNFB Rpt                     | \$ 10,918,183        | \$ 8,425,053             | \$ 6,810,494             |                                     | 6,249,765               |                  | \$ 2,493,130               |
| PBS (Correction required) DNFB Rpt                    | 800,337              | 266,157                  | 853,210                  |                                     | 18,284                  |                  | \$ 534,180                 |
| Other holds requiring correction DNFB Rpt             | -                    | -                        | -                        |                                     | -                       |                  | \$ -                       |
| <b>Total Action Required</b>                          | <b>11,718,520</b>    | <b>8,691,210</b>         | <b>7,663,704</b>         |                                     | <b>6,268,049</b>        |                  | <b>3,027,310</b>           |
| <b># of AR Days action Required</b>                   | <b>2.95</b>          | <b>2.27</b>              | <b>2.06</b>              |                                     | <b>1.83</b>             |                  | <b>0.69</b>                |
| <b>DNFB No Action Required</b>                        |                      |                          |                          |                                     |                         |                  |                            |
| 4 Day Standard Delay DNFB Rpt                         | \$ 14,670,398        | \$ 26,103,121            | \$ 23,118,482            |                                     | 22,948,148              |                  | \$ (11,432,723)            |
| Other DNFB Rpt                                        | 2,094,079            | 5,247,606                | 2,449,285                |                                     | 664,451                 |                  | (3,153,527)                |
| <b>Total No Action Required</b>                       | <b>16,764,477</b>    | <b>31,350,727</b>        | <b>25,567,767</b>        |                                     | <b>23,612,599</b>       |                  | <b>(14,586,250)</b>        |
| <b>Total DNFB</b>                                     | <b>\$ 28,482,997</b> | <b>\$ 40,041,937</b>     | <b>\$ 33,231,471</b>     |                                     | <b>29,880,648</b>       |                  | <b>(11,558,940)</b>        |
| <b>Total Days in DNFB</b>                             | <b>7.18</b>          | <b>10.44</b>             | <b>8.92</b>              |                                     | <b>8.73</b>             |                  | <b>(3.26)</b>              |
| <b>Late Charges</b>                                   |                      |                          |                          |                                     |                         |                  |                            |
| <b>Late Charges from Date of Service 5 to 20 Days</b> |                      |                          |                          |                                     |                         |                  |                            |
| Number of line items                                  | 5,838                | 6,420                    | 9,562                    | 100,626                             |                         |                  | (582)                      |
| Dollar amount of Charges                              | 879,629              | 810,743                  | 963,454                  | 7,568,562                           |                         |                  | \$ 68,886                  |
| Dollar amount of Credits                              | (829,375)            | (560,683)                | (483,741)                | (4,330,579)                         |                         |                  | \$ (268,692)               |
| Net Dollar Amount                                     | 50,253               | 250,060                  | 479,713                  | 3,237,983                           |                         |                  | \$ (199,807)               |
| Absolute Dollar Amount                                | \$ 879,629           | \$ 810,743               | \$ 963,454               | \$ 9,156,661                        |                         |                  | \$ 68,886                  |
| <b>Late Charges from Date of Service &gt; 21 Days</b> |                      |                          |                          |                                     |                         |                  |                            |
| Number of line items                                  | 10,715               | 25,434                   | 33,822                   | 372,006                             |                         |                  | (14,719)                   |
| Dollar amount of Charges                              | 1,829,359            | 1,018,049                | 631,820                  | 7,486,917                           |                         |                  | 811,310                    |
| Dollar amount of Credits                              | (2,133,056)          | (1,111,898)              | (789,088)                | (10,851,152)                        |                         |                  | (1,021,158)                |
| Net Dollar Amount                                     | (303,697)            | (93,849)                 | (157,268)                | (3,364,235)                         |                         |                  | (209,848)                  |
| Absolute Dollar Amount                                | \$ 3,962,415         | \$ 2,129,948             | \$ 1,420,907             | \$ 18,338,069                       |                         |                  | \$ 1,832,467               |
| <b>Denials:</b>                                       |                      |                          |                          |                                     |                         |                  |                            |
| Inventory of OPEN denials - # encounters              | 2,733                | 2,675                    | 2,772                    |                                     | 1,219                   |                  | 58                         |
| Inventory of OPEN denials - (\$ at risk)              | \$ 33,491,909        | \$ 32,234,925            | \$ 33,745,868            |                                     | \$ 21,403,453           |                  | \$ 1,256,984               |

Addendum A - 72

## Weekly Flash Report

| April 08                     | Mar28-Apr 3 | Apr 4-10 | Apr 11-17 | Apr 18-24 | MTD Total | MTD Budget | % Variance |
|------------------------------|-------------|----------|-----------|-----------|-----------|------------|------------|
| ADC (Acute)                  | 297         | 299      | 292       | 302       | 297       | 312        | (4.62)     |
| PMC                          | 215         | 225      | 221       | 218       | 220       | 235        | (6.62)     |
| POM                          | 81          | 74       | 72        | 84        | 78        | 76         | 1.53       |
| PCCC                         | 82          | 85       | 84        | 84        | 84        | 88         | (4.46)     |
| VP                           | 124         | 123      | 122       | 125       | 123       | 123        | (0.03)     |
| Patient Days (Acute)         | 2077        | 2091     | 2046      | 2111      | 8,325     | 8,729      | (4.62)     |
| PMC                          | 1508        | 1576     | 1545      | 1525      | 6,154     | 6,590      | (6.62)     |
| POM                          | 569         | 515      | 501       | 586       | 2,171     | 2,138      | 1.53       |
| PCCC                         | 577         | 594      | 588       | 588       | 2,347     | 2,457      | (4.46)     |
| VP                           | 866         | 860      | 857       | 872       | 3,455     | 3,456      | (0.03)     |
| Discharges                   | 526         | 544      | 538       | 558       | 2,166     | 2,282      | (5.08)     |
| PMC                          | 376         | 390      | 412       | 416       | 1,594     | 1,759      | (9.40)     |
| POM                          | 150         | 154      | 126       | 142       | 572       | 523        | 9.44       |
| Number of Surgeries          | 246         | 203      | 236       | 257       | 942       | 889        | 5.91       |
| PMC                          | 163         | 136      | 154       | 172       | 625       | 604        | 3.50       |
| POM                          | 83          | 67       | 82        | 85        | 317       | 286        | 10.99      |
| Number of Births             | 95          | 81       | 85        | 100       | 361       | 421        | (14.24)    |
| PMC                          | 75          | 63       | 58        | 79        | 275       | 337        | (18.38)    |
| POM                          | 20          | 18       | 27        | 21        | 86        | 84         | 2.38       |
| Outpatient Visits (inc. Lab) | 2443        | 1740     | 1670      | 1923      | 7,776     | 7,763      | 0.17       |
| PMC                          | 1655        | 1195     | 1209      | 1252      | 5,311     | 5,125      | 3.63       |
| POM                          | 788         | 545      | 461       | 671       | 2,465     | 2,638      | (6.54)     |

Addendum A - 73

## Weekly Flash Report

| April 08              | Mar28-Apr 3 | Apr 4-10   | Apr 11-17  | Apr 18-24  | MTD Total  | MTD Budget | % Variance |
|-----------------------|-------------|------------|------------|------------|------------|------------|------------|
| ER Visits             | 1672        | 1753       | 1789       | 1799       | 7,013      | 6,699      | 4.68       |
| PMC                   | 1145        | 1231       | 1243       | 1244       | 4,863      | 4,466      | 8.89       |
| POM                   | 527         | 522        | 546        | 555        | 2,150      | 2,233      | (3.74)     |
| Trauma Visits         | 14          | 23         | 39         | 25         | 101        | 110        | (8.29)     |
| IP                    | 12          | 16         | 32         | 23         | 83         | 92         | (10.17)    |
| OP                    | 2           | 7          | 7          | 2          | 18         | 18         | 1.50       |
| Gross IP Revenue      | 19,989,638  | 19,174,879 | 19,796,915 | 20,733,293 | 79,694,725 | 79,362,737 | 0.42       |
| Gross OP Revenue      | 7,186,911   | 6,909,084  | 6,768,588  | 7,104,155  | 27,968,738 | 24,178,351 | 15.68      |
| Cash Collection       | 6,438,653   | 6,657,166  | 8,726,027  | 8,352,397  | 30,174,243 | 28,547,324 | 5.70       |
| Days cash on hand     | 91          | 92         | 92         | 88         | 88         | 80         |            |
| Prod Hrs (PP 20 & 21) | 221,620     |            | 223,625    |            | 445,245    | 433,399    | (2.73)     |
| PMC - North           | 127,476     |            | 129,195    |            | 256,671    | 247,514    | (3.70)     |
| POM - South           | 57,982      |            | 57,330     |            | 115,312    | 118,424    | 2.63       |
| Others                | 36,162      |            | 37,100     |            | 73,262     | 67,461     | (8.60)     |
| Prod \$ (PP 20 & 21)  | 6,990,110   |            | 7,017,395  |            | 14,007,505 | 13,471,583 | (3.98)     |
| PMC - North           | 4,026,261   |            | 4,050,018  |            | 8,076,279  | 7,772,981  | (3.90)     |
| POM - South           | 1,752,492   |            | 1,725,745  |            | 3,478,237  | 3,478,129  | (0.00)     |
| Others                | 1,211,357   |            | 1,241,632  |            | 2,452,989  | 2,220,473  | (10.47)    |

# **ADDENDUM**

**B**

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# PALOMAR POMERADO HEALTH

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SPECIALIZING IN YOU

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## Palomar Pomerado Health

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### Market Update

April 29, 2008

# Executive Summary

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- Restructuring update of Series 2006 \$180M of Auction Rate Securities (“ARS”)
- In March, we presented an update of the market dislocation with Auction Rate Securities
  - Interest rates on the ARS have averaged 3.92% since inception
  - Since February 18<sup>th</sup>, interest rates have ranged from 4.50% to 10.00%
  - Last reset April 21, 22, 23 ranged from 4.91% – 5.00%
- Conversion or refunding of a substantial amount of ARS by various issuers nationwide, combined with entry of non-traditional buyers into the ARS market, has resulted in rates trending lower across this market
- However, because the market continues to be volatile and uncertain, PPH may need to take action to convert to Variable Rate Demand Obligations (“VRDOs”) or fixed rate bonds
  - In March we presented a number of alternative financing options for restructuring consideration
  - Identified critical factors as overriding objectives for recommended restructuring
    - Retention of FSA Insurance
    - Low cost of capital balancing risk and volatility
    - Preservation of swap
    - Impact on credit rating

# Executive Summary

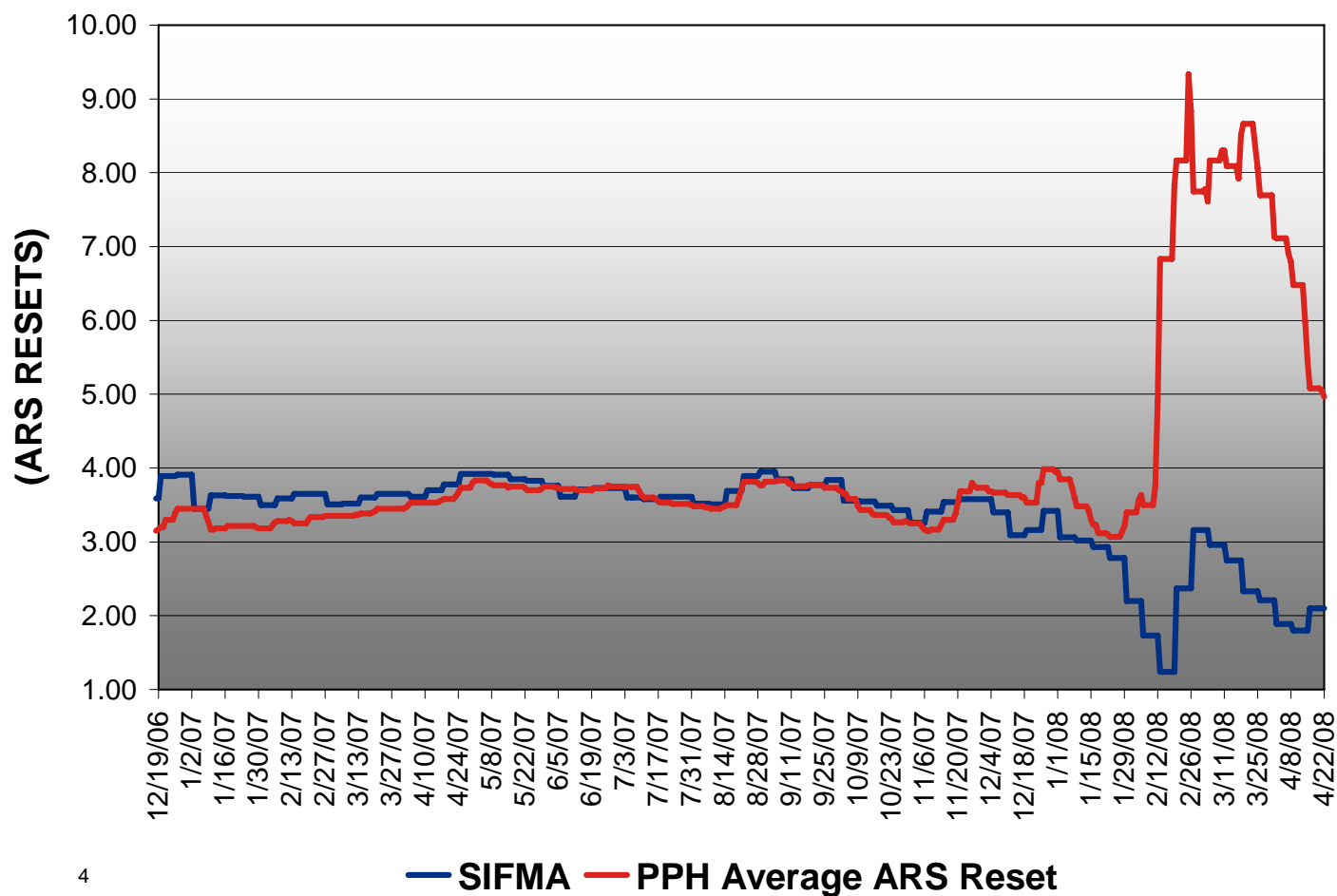
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- PPH has made progress with obtaining a Standby Bond Purchase Agreement (SBPA, or “liquidity facility”) from Dexia, which would enable PPH to convert ARS to VRDOs (leaving the swap in place)
- PPH is in active negotiations with FSA to obtain their consent, which is required for a VRDO conversion
- Management recommends proceeding with this conversion to VRDOs with SBPA pending Dexia and FSA credit approval and consent
- Upon receiving consent from FSA and Dexia, PPH should be able to close a transaction within 60 to 90 days

# PPH ARS Rate Performance

Since inception in December 2006, PPH's Series 2006A-C ARS have averaged 4.08%, resetting 73 bps higher than the Securities Industry and Financial Markets Association (SIFMA) average.

## Series 2006A-C Historical Performance



### Series 2006 Reset Statistics:

Average Reset: 4.08%

Average SIFMA: 3.35%

Average Spread: +0.73%

Current Reset (4/23): 5.00%

Current SIFMA: 2.43%

Current Spread: +2.57%

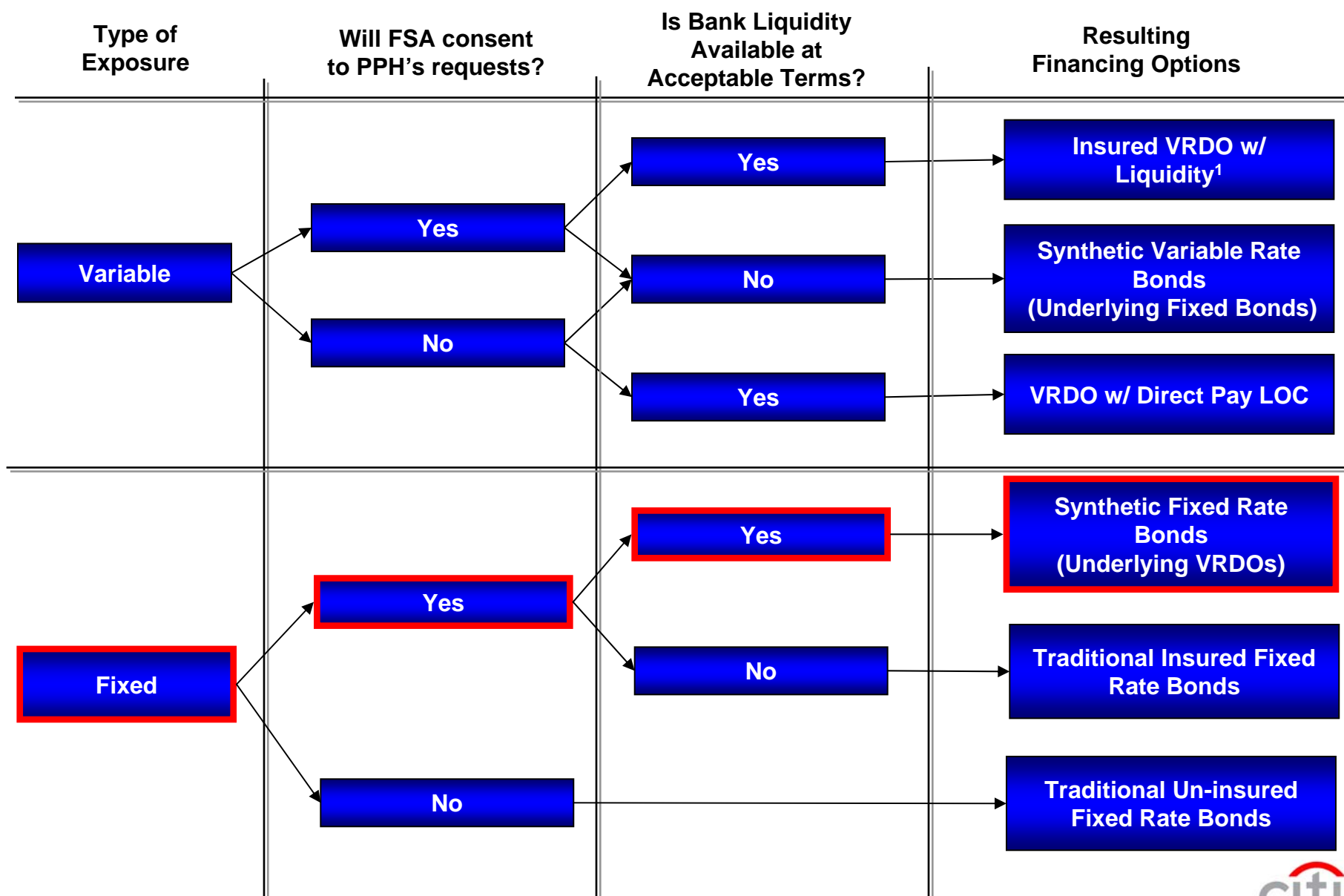


# Considerations for PPH's Series 2006 ARS Bonds

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- Elements of variable rate risks?
  - Bank risk
  - Renewal risk
  - Interest rate risk
  - Put/Bank Bond/Remarketing risk
  - Insurance risk
- Is there value to keeping the existing insurance?
  - Is additional credit enhancement available and/or allowable
  - What consent rights does FSA have?
  - Structural and economic driven evaluation
- What is the impact on the existing floating to fixed swap?
  - Underlying variable rate debt allows swap to stay outstanding
  - Underlying fixed rate debt may require a termination of the swap
    - If swap is terminated, a termination payment may be required

# Credit Enhancement Drives Options for Existing Indebtedness



# Overview of Financing Options

- There are several variations of the options, but the main points are captured below

|                                                              | VRDO with<br>FSA and Bank Liquidity                                                                                                                                             | VRDO with<br>Letter of Credit                                                                                                                                     | Traditional Fixed<br>with FSA Insurance                                                                                                                 | Traditional Fixed<br>without Insurance                                                                                                                             |
|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Is Insurance Preserved?                                      | Yes                                                                                                                                                                             | No                                                                                                                                                                | Yes                                                                                                                                                     | No                                                                                                                                                                 |
| Is the Swap Preserved?                                       | Yes                                                                                                                                                                             | Likely                                                                                                                                                            | Likely                                                                                                                                                  | Likely                                                                                                                                                             |
| Is FSA Consent<br>Required?                                  | Yes                                                                                                                                                                             | No                                                                                                                                                                | Yes                                                                                                                                                     | No                                                                                                                                                                 |
| Will PPH be Subject to<br>Collateral Posting on the<br>Swap? | No                                                                                                                                                                              | Yes                                                                                                                                                               | No (assuming<br>termination of swap)                                                                                                                    | No (assuming<br>termination of swap)                                                                                                                               |
| DSRF                                                         | Likely                                                                                                                                                                          | Yes                                                                                                                                                               | Likely                                                                                                                                                  | Yes                                                                                                                                                                |
| Call Flexibility                                             | Anytime                                                                                                                                                                         | Anytime                                                                                                                                                           | Generally after 10<br>years                                                                                                                             | Generally after 10<br>years                                                                                                                                        |
| Refunding or<br>Conversion                                   | Conversion                                                                                                                                                                      | Refunding                                                                                                                                                         | Refunding                                                                                                                                               | Refunding                                                                                                                                                          |
| All-in TIC (as of 4/22/08)                                   | 4.60%                                                                                                                                                                           | 5.09%                                                                                                                                                             | 5.42%                                                                                                                                                   | 6.05%                                                                                                                                                              |
| Maximum Annual Debt<br>Service                               | \$13.2 million                                                                                                                                                                  | \$14.5 million                                                                                                                                                    | \$14.8 million                                                                                                                                          | \$15.8 million                                                                                                                                                     |
| Benefits/<br>Considerations                                  | <ul style="list-style-type: none"> <li>Preserves insurance and swap</li> <li>PPH maintains all VRDO risks</li> <li>Consent from FSA not likely in the current market</li> </ul> | <ul style="list-style-type: none"> <li>Should allow PPH to preserve swap</li> <li>PPH maintains all VRDO risks</li> <li>Write off of insurance premium</li> </ul> | <ul style="list-style-type: none"> <li>Preserves insurance</li> <li>Swap likely to be terminated</li> <li>All risks passed along to investor</li> </ul> | <ul style="list-style-type: none"> <li>All risks passed along to investor</li> <li>Swap likely to be terminated</li> <li>Write off of insurance premium</li> </ul> |

# Variable Rate Demand Obligations (VRDOs)

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## STRUCTURE:

- VRDOs comprise the largest floating rate segment of the municipal market and are purchased primarily by money market funds
- They are instruments with a long-term nominal maturity which bear interest at variable rates adjusted at predetermined intervals
- The holder of a VRDO has the option to tender securities for purchase or, in some cases, tender for purchase is mandatory such as upon conversion to a new interest rate mode or upon expiration of the credit/liquidity facility
- VRDOs require ratings in one of the two highest rating categories. Ratings are typically achieved with a Letter of Credit or with a combination of bond insurance and liquidity facility

### Benefits

- Minimal ongoing administration
- Interest rate resets comparable to SIFMA

### Considerations

- Ongoing fees and potential upfront costs
- Requires credit enhancement
- Remarketing and put risk (every seven days)
- Renewal risk for the letter of credit

## Issues to Consider As We Progress with VRDO's

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- Reaffirm PPH risk tolerance
- Confirm VRDOs as the best strategy (given available credit enhancement ) for debt underlying the swap
- Rating agency considerations
- Determine accounting impact
- COI must be funded out of District funds

# FSA/Dexia Considerations/Issues

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- Ongoing PPH operational performance
- Liquidity levels and requirements
- Term (duration) of Standby Certificate Purchase Agreement (“SCPA”)
  - Traditional Structure of Credit Enhancement Liquidity Facilities; however Dexia is providing PPH with a “Term-Out” to maturity
  - Enhances ability to obtain FSA consent
  - Matches liquidity facility with amortization to maturity of certificates
- Funding of DRSF and source of funding
- Terms assume maintenance of A3 Moody’s rating and AAA FSA insurance
  - Additional annual fees with rating downgrade
- Fees for a 7-year facility of 1.15% (\$2.1 million) and fees for a 10-yr facility of 1.30% (\$2.3 million) annually based on term-out to maturity of Certificates

# Moving Forward to a Solution

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Once PPH obtains Dexia credit enhancement proposal and secures and finalizes commitment/consent from FSA, the remaining financing steps should be completed in 60-90 days:

- Send notice of conversion/refunding to bond holders
- Finalize bond document
- JPA Meeting
- Receive Short-term ratings
- Complete Due Diligence
- Finalize 3<sup>rd</sup> Quarter Financial Stubs
- Finalize Official Statement and mail to the marketplace
- Marketing of Series 2008 Bonds
- Close Series 2008 financing

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## Analyses Regarding Floating Rate Bonds Are Subject to Uncertainty

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- The short term variable rate market is experiencing significant volatility, uncertainty and disruption:
  - Continuing downgrades of structured securities (e.g., CDOs, SIVs, etc.) and losses among financial institutions have increased uncertainty, raised risk premiums and reduced liquidity in the global capital markets
  - In the U.S. Auction Rate Securities market, liquidity has virtually disappeared, resulting in many failed auctions, causing many issuers to begin the process of changing modes
  - VRDO's insured by monoline insurers that have been, or may be, downgraded may be subject to higher rates or failed remarketing
  - Yield relationships among VRDO's of different sectors, structures and credits as well as market benchmarks such as LIBOR and SIFMA have been volatile as investor appetite has fluctuated
  - The supply and availability of triple-A bond insurance, letters of credit and lines of credit has diminished as some providers have been downgraded, exited the market, or reached capacity. Pricing and terms have worsened
- This presentation contains historical analysis, and assumptions based on history, which are subject to uncertainty. Past performance or data is no guarantee of future results. In addition, no representation or warranty can be made as to:
  - Market access; including ability to convert to a different variable or fixed rate mode
  - Insurance or Letter/Line of credit availability
  - Future yield relationships among various kinds of variable rate securities, indexes such as SIFMA and LIBOR and fixed rate alternatives
  - Ultimate economic results, benefits and risks of the proposed transaction(s)
- Additional analysis is available upon request

# **ADDENDUM**

**C**

# Faith & Health Partnership Program

Kay Stuckhardt, MPH  
Project Coordinator  
May 2008

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## Program Objectives

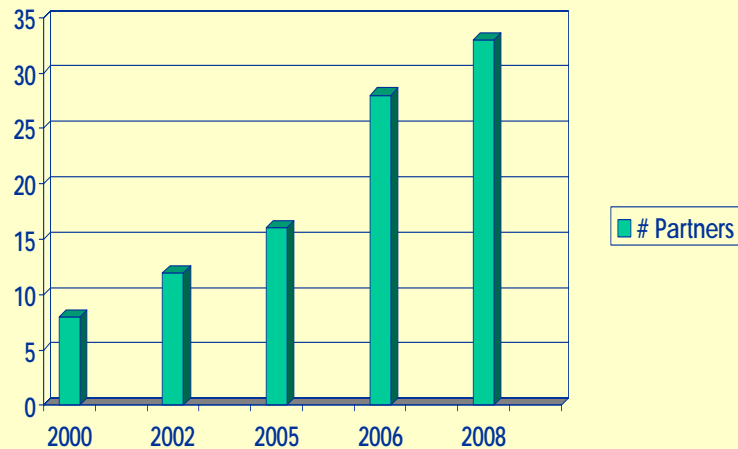
1. Increase faith partners to extend reach
2. Increase community health screenings, health education, counseling and referral
3. Support faith partners through education and resources
4. Leadership to address health needs
5. Educate faith communities about PPH
6. Collaborate with community partners



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## Increase Faith Partners

2008: 33 Partners; > 66,000 People



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## Increase Screenings, Education Counseling & Referral

- Blood Pressure Checks: 2,254 contacts;  
28% elevated BPs
- Health Education: 46,493 contacts  
through classes and newsletters
- Personal health counseling for 3,740 and  
referrals for 568

\* 2007 Data from 19 of 28 faith partners reporting

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## Faith Partners Extend Reach

*Faith-based health teams made 58,429 contacts and volunteered a total of 6,372 hours in 2007.\**



\* 2007 Data from 19 of 28 faith partners reporting

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## Supporting Faith Communities

### **Fire Storm 2007 Response**



- Provided faith partners with up-to-date resources
- Seminar on *Loss, Spirituality and Mental Health*

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## Support through Education

### Classes for Faith Partners

- Disaster Preparedness; End of Life, Arthritis, Pain Control, Healthy Boundaries, Memory; CE credit for RNs
- Annual course on Faith Community Nursing – PPH nurses included
- PPH Chaplains - presenters for class on Spirituality and Health including Chaplaincy Services

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## Connection with Faith Leaders

### Outcomes

- Elder Abuse and the Faith Community - 2006
- PPH and the Faith Community – Input on PMC West Chapel - September 2007
- Childhood Obesity and the Faith Community – February 2008
- Ongoing collaboration with Escondido Clergy Council, Interfaith Community Services, and PPH Chaplains

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## Connection with Faith Communities

**Partnership outcomes are a critical component to the following:**

- Magnet Application – training and support for PPH nurses to volunteer in their faith communities
- Baldrige award
- AHA McGaw application – 1 of 5 featured programs

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## Leadership to Address Childhood Obesity



- Identified in PPH Health Needs Assessment 2008
- Forum: *Childhood Obesity and Faith Communities*
- Partnership provides resources and technical assistance

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## Childhood Obesity Faith Forum Outcomes

- 32 planning to address Childhood Obesity in their faith communities
- 3 faith centers promoting healthy food policy
- 2 faith centers promoting decreased screen time
- 2 faith centers initiating parent education
- 7 requests for speakers on obesity and/or diabetes
- Faith-based Childhood Obesity Advisory Council established with County Initiative

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## Faith-Based Weight Management

- Developed and piloted with two faith centers; 75 participants; 5-week program
- Based on CDC Clinical Guidelines to include key components: education, social support, and accountability
- Exercise class concurrent in one program
- Limited evaluation shows increased knowledge and weight loss

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## Educate about PPH Services

- Service line representatives present at Faith & Health classes
- E-updates on PPH expansion, Robotic Surgery, Jean McLaughlin Women's Center, Home Health, Lifeline, HealthSource Classes, etc
- Flyers on PPH events and new services mailed to Faith Partners
- Quarterly newsletters highlighting PPH services
- Receive requests for PPH speakers

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## PPH Internship Site for SDSU School of Public Health

- Volunteer interns each semester leverage .5 FTE staff
- On Public Health Institute website
- Assist with CROP Walk, classes, and presentations
- Develop newsletters, Disaster Guide, and other resources



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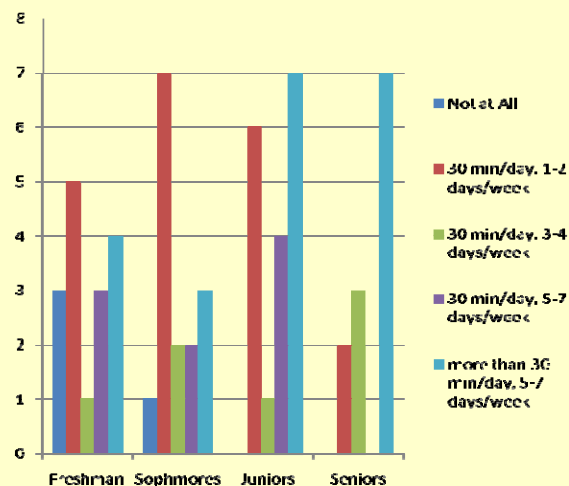
## Student Intern Childhood Obesity Project

- Collaboration of PPH's San Marcos HCAC and Mission Hills High School
- Peer-to-peer Intervention – *Dump the Junk Week*



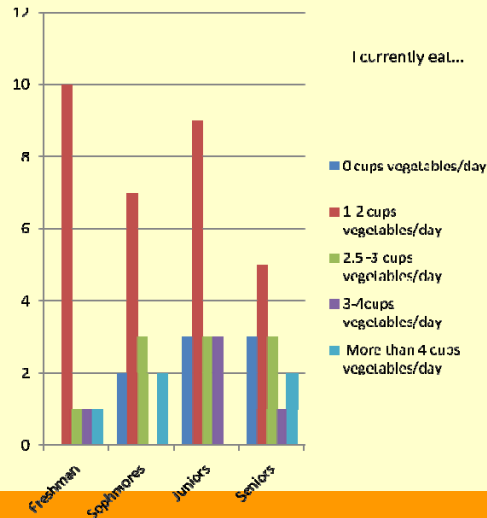
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## Current Physical Activity



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## Current Nutritional Behaviors



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## *Dump the Junk Activities*

- French Club – Nutrition the French way
- Hip Hop Club – Dance to promote physical activity
- ASB – Fat models display and education
- Health Academy – BMI and blood pressure checks



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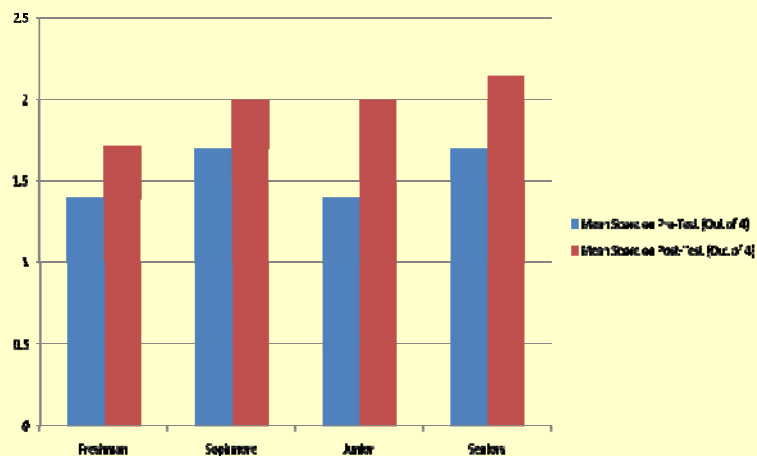
## Dump the Junk Activities (2)



- National Honor Society and ASB – Nutrition Quiz Game
- Global Awareness Club – Kick off and health education posted around campus
- Black Student Union – Double Dutch contests

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## Pre Test and Post-Tests Results



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## Lessons Learned

- Work with administration to increase number of post-tests and evaluations
- Improve publicity - Some students were not aware of the activities at lunch; students on average participated in one activity during the week
- Provide more nutritional information – Include a guide to healthy foods
- Increase competitive activities at lunch to increase participation
- Improve incentives at all activities

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## Next Steps

- Provide leadership to align faith-based programs with PPH Needs Assessment
- Focus on service to existing partners
- Improve outcome reporting
- Continue collaboration with faith leaders, PPH chaplains, and community partners

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