

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

**BOARD OF DIRECTORS
AGENDA PACKET**

August 12, 2008

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

**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
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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*

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
SPECIAL MEETING AGENDA**

**Posted
Mailed (US & E-mail)
Faxed
Friday, August 8, 2008**

Tuesday, August 12, 2008

Commences 6:00 p.m.

**Administrative Offices
15255 Innovation Drive
Conference Rooms B&C
San Diego, CA 92128**

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.”

Time Page

I.	CALL TO ORDER		
II.	OPENING CEREMONY		
	A. Pledge of Allegiance	2 min	
III.	PUBLIC COMMENTS	5 min	
	<i>(5 mins allowed per speaker with cumulative total of 15 min per group – for further details & policy see Request for Public Comment notices available in meeting room)</i>		
IV.	PRESENTATIONS		
	A. Wound Care Program (Addendum A)	20 min	1
	Sheila Brown, MBA, Chief Officer Clinical Outreach Services Ann Z. Moore, MSN, CWCN, System Director Wound Care Centers		
	B. Da Vinci Robotics Program (Addendum B)	20 min	2
	Kimberly Dodson, RN, SLA Perioperative Services		
	C. Perinatology Program (Addendum C)	20 min	3
	Diane Key, RN, MSN, Service Line Administrator, Women and Children’s Services		
	D. Recap of Capital Purchases for FY2008 (Addendum D)	20 min	4
	Bob Hemker, CFO Paul Sas, District Director, Supply Chain Services		
V.	NEW BUSINESS		
	* A. FY2009 Strategic Initiatives and Targets (Addendum E)	40 min	5
	Marcia Jackson, Bob Hemker, Sheila Brown, Opal Reinbold, Brenda Turner, David Tam		
VI.	INFORMATION ITEMS		<i>(Discussion by exception only)</i>
VII.	BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH		
VIII.	ADJOURNMENT		

“In observance of the ADA (Americans with Disabilities Act), please notify us at 858-675-5140 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.*

Wound Care

TO: Board of Directors

MEETING DATE: Tuesday, August 12, 2008

FROM: Sheila Brown, MBA, FACHE Chief Officer Clinical Outreach Services
Ann Z. Moore, MSN, CWCN, System Director Wound Care Centers

Background: Update to presentation of original Business Plan and *pro forma* dated December 2006 for the addition of second site of service of a Wound Care Center with Hyperbaric Oxygen in San Marcos. Review of one-year financial performance of programs to be presented.

Budget Impact: The bottom line shows a contribution margin of \$275,273 for the two locations, as compared to the *pro forma* of \$527,123 (*See Addendum A*).

Staff Recommendation: Information only

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Robotic Surgery Program

TO: Board of Directors

MEETING DATE: Tuesday, August 12, 2008

FROM: Kimberly Dodson RN, Service Line Administrator

Background: The Da Vinci surgery program was started last year at PMC with the purchase of the Intuitive system. At the time, recruitment for a Urologist from the City of Hope was also underway.

We are currently eight months into the program. The fellowship-trained Urologist declined our offer. Our PPH GYN surgeon, General surgeon, and Urologists have successfully launched the program at PMC. Cardiac surgery is not certain that they will proceed due to uncertain published outcomes in the literature. Our length of stay is declining, our surgery times are declining, our patients are reporting that they are having less pain and have switched from other health systems due to the Da Vinci. Downstream cases have been reported from cardiac and spine.

Supply cost was not budgeted and is running \$2500 per case. Service from Intuitive has been an issue. Improvements in this area and in addition to the team approach to the cases should improve the cost per case this next year. In addition first-time proctoring and training cost will not re-occur.

Budget Impact: See pro forma and original financial analysis section from the approved business plan (*Addendum B*).

Staff Recommendation: Approve

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time: 20 mins

PERINATOLOGY PROGRAM

TO: Board of Directors

MEETING DATE: Tuesday, August 12, 2008

FROM: Diane Key, RN, MSN
Service Line Administrator, Women and Children's Services

Background: The Perinatology Professional Services and Medical Director Agreement was implemented in July 2006, providing 24-hour, 7-day-a-week perinatology consultation services for the PPH district. In November 2006, the Perinatal Testing Center opened at PMC, providing outpatient services, including perinatal consultation, obstetrical ultrasound, genetic counseling and diabetes management. *Addendum C* represents actual financial performance evaluation compared to the original proposed and approved *pro forma*.

Budget Impact: Positive financial performance

Staff Recommendation: Continue provision of service and consider expansion to accommodate additional volume of procedures being requested.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time: 20 mins

Capital Purchases for FY2008

TO: Board of Directors

MEETING DATE: Tuesday, August 12, 2008

FROM: Bob Hemker, CFO
Paul Sas, District Director, Supply Chain Services

Background: The \$15 million Capital Budget for FY2008 was approved in aggregate, with \$10 million divided between the Equipment, Medical Equipment, Facilities Renovation and Information Technology Pools, and \$5 million reserved for Facilities Master Plan funding.

Management will be presenting a recap of actual capital expenditures, detailing purchases and the pools from which the funds were sourced (*Addendum D*).

Budget Impact: N/A

Staff Recommendation: Information only

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time: 20 mins

FY09 Strategic Initiatives and Targets

TO: Board of Directors

MEETING DATE: Tuesday, August 12, 2008

FROM: Marcia Jackson

Background: Management has drafted the FY09 Initiatives and Targets for the Board's review and approval. The initiative grid (*included in Addendum E*) shows system-wide initiatives. For some objectives there may not be a system-wide initiative, but specific departments may establish an initiative to support that objective.

Budget Impact: The recommended FY09 initiatives are included in the FY09 budget.

Staff Recommendation: Approval of the FY09 Initiatives and Targets

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion: X

Individual Action:

Information:

Required Time: 40 mins

ADDENDUM A
WOUND CARE

Palomar Pomerado Health
 Projected Annual Statement/Comparison to Pro-forma
 For 12 months ended 06/30/08
 Annualized using 11 months actual ending 05/31/08

	For 12 Months Ended 06/30/08 Palomar Hospital					For 12 Months Ended 06/30/08 Pomerado Hospital					For 12 Months Ended 06/30/08 Palomar Pomerado Health				
	WCC	HBO	Total	Pro-forma	Variances	WCC	HBO	Total	Pro-forma	Variances	WCC	HBO	Total	Pro-forma	Variances
Net Revenues															
Wound Care	666,221	0	666,221	688,659	(22,438)	933,092	0	933,092	852,079	81,013	1,599,313	0	1,599,313	1,540,738	58,575
HBO	0	343,205	343,205	573,549	(230,344)	0	420,588	420,588	528,254	(107,666)	0	763,793	763,793	1,101,803	(338,010)
Total	666,221	343,205	1,009,426	1,262,208	(252,782)	933,092	420,588	1,353,680	1,380,333	(26,653)	1,599,313	763,793	2,363,106	2,642,541	(279,435)
Wound Care Center/HBO--Expenses															
Salaries & Benefits ***	299,764	154,424	454,188	448,583	(5,605)	433,230	195,277	628,508	702,853	74,345	732,994	349,701	1,082,696	1,151,436	68,740
Medical Director	11,232	5,786	17,018	0	(17,018)	25,210	11,363	36,573	51,545	14,972	36,442	17,149	53,591	51,545	(2,046)
Medical Supplies	64,836	33,400	98,236	36,900	(61,336)	76,556	34,507	111,063	71,166	(39,897)	141,392	67,908	209,300	108,066	(101,234)
All Other	54,907	28,286	83,193	67,544	(15,649)	37,869	17,069	54,938	38,256	(16,682)	92,776	45,355	138,131	105,800	(32,331)
Capital Expenses	917	473	1,390	93,286	91,896	21,087	9,505	30,591	56,841	26,250	22,004	9,977	31,981	150,127	118,146
Management Fees	212,632	109,538	322,169	265,761	(56,408)	172,301	77,664	249,965	282,683	32,718	384,933	187,202	572,135	548,444	(23,691)
Total	644,288	331,906	976,195	912,074	(64,121)	766,252	345,386	1,111,639	1,203,344	91,705	1,410,541	677,292	2,087,833	2,115,418	27,585
Clinic Contribution	21,933	11,299	33,231	350,134	(316,903)	166,839	75,202	242,042	176,989	65,053	188,772	86,501	275,273	527,123	(251,850)

***- includes 10% of salaries for indirect benefits

**Expansion of the Service Center for Wound Care and Hyperbaric Medicine
to a Second Site in San Marcos, California**

ADD A-3

TO: Board of Directors

FROM: Board Finance Committee
Tuesday, December 5, 2006

DATE: Monday, December 11, 2006

BY: Sheila Brown, MBA, Chief Officer Clinical Outreach Services
LeAnne Cooney, Senior Financial Analyst
Bob Hemker, Chief Financial Officer
Ann Moore, RN, MSN, CWCN System Director Wound Care & Hyperbaric Medicine

BACKGROUND: Since 1997, Palomar Pomerado Health has successfully provided wound care management to patients in North San Diego County who were experiencing chronic, non-healing wounds. In May of 2005, the PPH Administrative team partnered with Diversified Clinical Services to add hyperbaric oxygen to the services provided at the Center for Wound Care and Hyperbaric Medicine.

The financial results for the PPH Center for Wound Care and Hyperbaric Medicine for fiscal year 2006 showed a contribution margin of \$526,676. Overall patient satisfaction scores remain in the 99th percentile, and employee satisfaction is in the 95th percentile.

To further the continuum of wound care management from a comprehensive quality, best practice and financial standpoint, approval of an additional site of service in the San Marcos area is requested (*See attached Business Plan*). Capital allocation – strategic initiatives – estimated at \$930,000 (actual will depend on specific site).

BUDGET IMPACT: The 5-year projections for the San Marcos site are anticipated to produce a cumulative cash flow of \$661,835, with an Internal Rate of Return of 21% (*See attached pro forma*). Total payback on the capital investment is projected at 43 months. Projected income for Pomerado and the San Marcos site is estimated at \$527,000 in year 1, increasing steadily to \$915,000 in year 5.

STAFF RECOMMENDATION: At the Board Finance Committee meeting, the staff recommended approval of the establishment of an additional site of service for Wound Care and Hyperbaric Medicine in San Marcos, as well as aggressive marketing efforts to backfill the anticipated volume loss at the Pomerado site.

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the establishment of an additional site of service for Wound Care and Hyperbaric Medicine in San Marcos, as well as aggressive marketing efforts to backfill the anticipated volume loss at the Pomerado site.

Motion: X

Individual Action:

Information:

Required Time:

Center for Wound Care and Hyperbaric Medicine

San Marcos

November 20, 2006

PALOMAR
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HEALTH

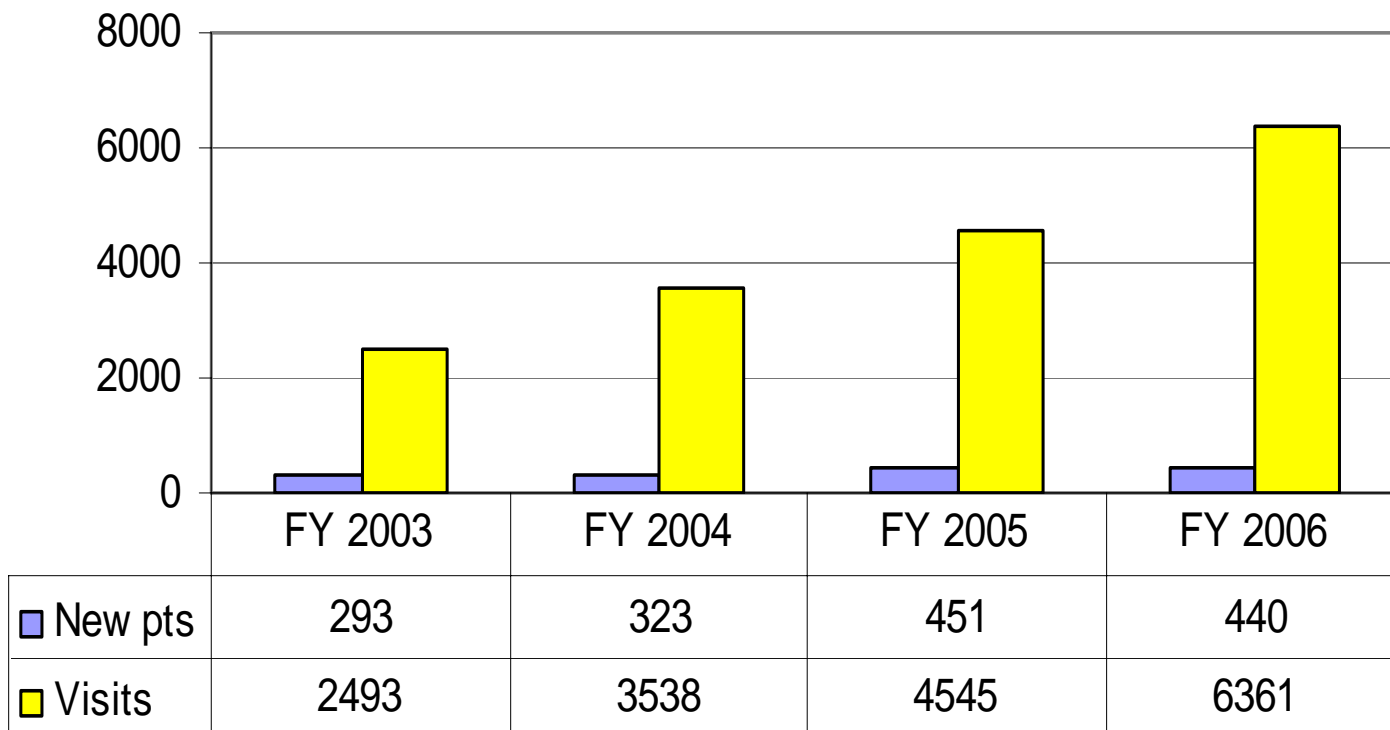
SPECIALIZING IN YOU

Wound Care and Hyperbaric Medicine

ADD A-5

- Background:
 - Pomerado Center opened in 1997
 - HBOT added in 2005
- Provide care for patients with chronic non-healing wounds
 - Diagnosis include – diabetic foot ulcers, venous leg ulcers, pressure ulcers to name but a few
 - Hyperbaric Oxygen Therapy indications – diabetic foot ulcers, latent effects of radiation affecting soft tissue as well as bone

WCC & HBOT Volume Trends



FY 2005 5 % HBOT Visits (235)

FY 2006 30% HBOT Visits (1946)

Outreach Strategy

- Satellite center commitment in bond initiative
- Limited PPH presence and market share in San Marcos
 - Even less presence in communities west
- Strategic emphasis on growing PPH business and market share in San Marcos and Vista area

Why Target Wound Care and HBOT

ADD A-8

- High Quality program
 - Nationally bench marked days to healing for all wound types currently at 47 days
 - consistently outperforms database benchmark 58 days
- High Patient Satisfaction
 - Consistently in the 99% of national scores
 - Employee engagement 95%
- Strong Financial contribution \$526,676 net revenue

Why Target Wound Care and HBOT

ADD A-9

- Strong Program
 - use as anchor for additional outpatient services
- Growing community need
 - Needs assessment - diabetes increasing

Market Demand Analysis

ADD A-10

- Demographic zip code analysis:
 - Pauma Valley to the north, Escondido to the south,
 - Ramona to the east
 - North county costal to west – Oceanside to Del Mar
- Census data reveals 50,000 Diabetic individuals
- Approximately 15,000 are potential wound patients
- Conservative projection of 300 pt admissions

Competitive Analysis

- Tri City Approved comprehensive wound care to open 4/2007
- Scripps Mercy Closed a wound program in 1994
- Scripps La Jolla closed on Sept 30th
 - Wound Care only program
- Sharp – Initiating small MD run program at memorial

Competitive Analysis

- Sharp Rees –Steely/Mission Park - Nurse run clinic two days per week at each site
- Sharp Grossmont – converting to physician based program from a nurse based program
- UCSD – HOBOT and wound care programs non-integrated
- Paradise Valley - Wound care and HBOT program – do not get referrals from that market area too far south.

Option One

- Business as usual
 - Do not try to establish a foothold in the north county coastal area for wound care and hyperbaric services
 - Continue one site of service at south campus
 - Allow Tri City to create a center for wound care and hyperbaric medicine - potential loss of Escondido patient population

Option Two

ADD A-14

- Create a defensive strategy
 - Establish a second site for the provision of wound care and hyperbaric services
 - Establish a gateway for individuals from the north county coastal area to PPH services
 - 78 corridor
 - Provide needed services in the community thereby preventing out migration
 - Partnership?

Why Partner

- Already in partnership with Diversified Clinical Services
- Access to additional financial resources
- Access to latest clinical, educational and financial information related to services provided
- Minimize competitive penetration of same market share

Why Diversified

- Largest Wound Management Services company
 - Over 150 centers throughout the country
- Immediate access to national network of clinicians
- Resource for latest clinical, financial changes in the industry
- National buying power for wound & HBOT specific equipment

Financial Considerations

Option One

ADD A-17

- Do not grow business
- Costs us nothing
- Continue same community marketing
- Recognize volume loss to competition in north
 - Estimated to be \$349,688
 - 35% current pt volume from north zips

Financial Considerations

Option Two - Capital

ADD A-18

- \$1.1 Million build out and equipment cost
- \$100,000 Diversified Clinical Contributions
 - In addition –HBOT chambers, exam chairs, TcPo2 machines
- \$ 1,000,000 million net capital cost to PPH

Financial Considerations

Option Two

ADD A-19

- Annual income:
 - San Marcos \$ 350,134
 - Pomerado \$176,988
- Annual income combined \$527, 122
- IRR 21%
- ROI – 43 month payback

Proforma 11-22-2006

Financial Considerations Option Two

ADD A-20

- 35% patient loss to San Marcos
- 35% net revenue loss \$349,688 to POM

PPH Consolidated Income Statement

ADD A-21

	Year 1	Year 2	Year 3	Year 4	Year 5
Number of annual patient registrations (Palomar)	337	427	518	518	518
Number of annual patient registrations (Pomerado)	310	360	390	420	450
Annual income to hospital from San Marcos	\$350,134	\$388,004	\$396,549	\$396,743	\$388,575
Pomerado net income from Wound Care	\$176,988	\$351,789	\$526,590	\$526,591	\$526,592
Annual income to hospital from total program	\$527,122	\$739,793	\$923,139	\$923,333	\$915,167

Marketing Strategies POM

- Hired a marketing person
- Media activities
- Hospital Based – grand rounds
- Special Events - community
- Other
 - Face to face MD Calls
 - Lunch and learns
 - Hand Delivery Progress notes
 - Education to Home Health/Case Managers
 - Unit tours for community MD's

Managements Recommendation

ADD A-23

- Establish second Center for Wound Care and Hyperbaric Medicine in San Marcos
- Aggressive Marketing efforts in the south to back fill volume

Next Steps

ADD A-24

- PPH Board Approval
- Target date for opening

Palomar - San Marcos
Wound Care and Hyperbaric Medicine
2007 Pro Forma ¹

ADD A-25

Annual Revenue/Income Projections By Patient Volume

Hospital wage index	1.1406	Year1	Year2	Year3	Year4	Year5
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Number of annual new patient registrations	310	360	390	420	450
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REVENUE	HOSPITAL-PROVIDED PAYER MIX				
Evaluation & Management (E&M)	\$193,288	\$226,288	\$245,146	\$264,003	\$282,860
Debridements & Other Wound Care Procedures	\$495,371	\$579,946	\$628,275	\$676,604	\$724,933
Hyperbaric Oxygen (HBO)	\$573,549	\$671,472	\$727,427	\$783,383	\$839,339
Outpatient Surgery Revenue (net)	\$0	\$0	\$0	\$0	\$0
Total Net Revenue To Hospital	\$1,262,207	\$1,477,706	\$1,600,848	\$1,723,990	\$1,847,133

EXPENSE					
Typical Staffing Expense ²					
Program Director	\$103,125	\$115,875	\$119,351	\$122,932	\$126,620
Clinical Coordinator	\$97,396	\$109,438	\$112,721	\$116,102	\$119,585
Hyperbaric Safety/Technical Director	\$51,563	\$57,938	\$59,676	\$61,466	\$63,310
Certified Nurse Assistant (s)	\$42,900	\$48,204	\$49,650	\$51,140	\$52,674
Administrative Assistant	\$42,900	\$48,204	\$49,650	\$51,140	\$52,674
Administrative Specialist	\$0	\$0	\$0	\$0	\$0
RN(s) (full/part-time as required)	\$110,700	\$133,488	\$156,663	\$181,692	\$208,575
HBOT Technician(s) (full/part-time as required)		\$54,981	\$64,527	\$74,836	\$85,909
Total Staffing Expense (incl. Benefits and Payroll Taxes):	\$448,583	\$568,127	\$612,238	\$659,307	\$709,346
Non-Staff Expense					
Web-based Data Tracking and Outcomes System with Integrated Digital Photography [WoundStar® or Wound Expert for example]				Provided and paid for by Diversified Clinical Services	
Training ³				Provided and paid for by Diversified Clinical Services	
Community Education ⁴				Provided and paid for by Diversified Clinical Services	
Maintenance of Hyperbaric Chambers and Related Equipment				Provided and paid for by Diversified Clinical Services	
Discretionary Advertising Media Expense	\$27,000	\$27,000	\$29,250	\$31,500	\$33,750
Wound Care Supplies	\$36,900	\$43,200	\$50,700	\$58,800	\$67,500
Provision for Bad Debts	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$25,244	\$29,554	\$34,685	\$40,226	\$46,178
Oxygen for HBO Chambers	\$8,610	\$10,080	\$10,920	\$11,760	\$12,600
Laundry Service	\$3,690	\$4,320	\$5,070	\$5,880	\$6,750
Utilities	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Medical Director Stipend				Provided and paid for by Diversified Clinical Services	
Rent (typically 2,500-5,000 sq. ft.)	0	0	0	0	0
Total Non-Staff Expense:	\$104,444	\$117,154	\$133,625	\$151,166	\$169,778
Capital Expenditure - Depreciation					
Monoplace Hyperbaric Chambers, Transcutaneous O ₂ Monitors				Provided and paid for by Diversified Clinical Services	
Examination Chairs & Lights				Provided and paid for by Diversified Clinical Services	
Renovation Costs including O ₂ supply	10	\$93,286	\$93,286	\$93,286	\$93,286
Total Capital Expenditure:		\$93,286	\$93,286	\$93,286	\$93,286
Management Fees to Diversified Clinical Services ⁵					
Wound Care Fee (based on # of visits/procedures)	\$138,935	\$162,656	\$190,895	\$221,393	\$254,150
HBO Fee (based on # of treatments)	\$126,825	\$148,478	\$174,256	\$202,096	\$231,998
Total Management Fees to Diversified Clinical Services:	\$265,761	\$311,134	\$365,151	\$423,488	\$486,147
Total Expenses To Hospital	\$912,074	\$1,089,702	\$1,204,299	\$1,327,248	\$1,458,557

ANNUAL INCOME TO HOSPITAL	\$350,134	\$388,004	\$396,549	\$396,743	\$388,575
Less: Reduction in Pomerado volumes (to San Marcos)	-\$349,599	-\$174,800	\$0		
Less Increase In Accounts Receivable	(\$246,284)		(\$20,524)	(\$20,524)	(\$20,524)
Add Increase In Accounts Payable	\$25,928		\$4,501	\$4,861	\$5,222
Add back Depreciation (Non-Cash)	\$93,286	\$93,286	\$93,286	\$93,286	\$93,286
Less Initial Capital Investment By Hospital (2 & 3)	(\$932,857)				
Net Cash Flow	(\$1,059,393)	\$306,491	\$473,813	\$474,366	\$466,559

Cumulative Cash Flow **\$661,835**

IRR **21%**

Payback, Months **43**

Contract Type: P

Palomar - San Marcos
Wound Care and Hyperbaric Medicine
2007 Pro Forma ¹
Annual Revenue/Income Projections By Patient Volume

ADD A-26

Hospital wage index	1.1406	Year1	Year2	Year3	Year4	Year5
Number of annual new patient registrations		310	360	390	420	450

REVENUE	HOSPITAL-PROVIDED PAYER MIX				
Evaluation & Management (E&M)	\$193,288	\$226,288	\$245,146	\$264,003	\$282,860
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Total Staffing Expense (incl. Benefits and Payroll Taxes):	\$448,583	\$568,127	\$612,238	\$659,307	\$709,346

Non-Staff Expense					
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Community Education ⁴				Provided and paid for by Diversified Clinical Services	
Maintenance of Hyperbaric Chambers and Related Equipment				Provided and paid for by Diversified Clinical Services	
Discretionary Advertising Media Expense	\$27,000	\$27,000	\$29,250	\$31,500	\$33,750
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Oxygen for HBO Chambers	\$8,610	\$10,080	\$10,920	\$11,760	\$12,600
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Utilities	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Medical Director Stipend				Provided and paid for by Diversified Clinical Services	
Rent (typically 2,500-5,000 sq. ft.)	0	0	0	0	0
Total Non-Staff Expense:	\$104,444	\$117,154	\$133,625	\$151,166	\$169,778

Capital Expenditure - Depreciation					
	Years amort.				
Monoplace Hyperbaric Chambers, Transcutaneous O ₂ Monitors				Provided and paid for by Diversified Clinical Services	
Examination Chairs & Lights				Provided and paid for by Diversified Clinical Services	
Renovation Costs including O ₂ supply	10	\$93,286	\$93,286	\$93,286	\$93,286
Total Capital Expenditure:		\$93,286	\$93,286	\$93,286	\$93,286

Management Fees to Diversified Clinical Services ⁵					
Wound Care Fee (based on # of visits/procedures)		\$138,935	\$162,656	\$190,895	\$221,393
HBO Fee (based on # of treatments)		\$126,825	\$148,478	\$174,256	\$202,096
Total Management Fees to Diversified Clinical Services:		\$265,761	\$311,134	\$365,151	\$423,488

Total Expenses To Hospital	\$912,074	\$1,089,702	\$1,204,299	\$1,327,248	\$1,458,557
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ANNUAL INCOME TO HOSPITAL FROM SAN MARCOS	350,134	388,004	396,549	396,743	388,575
POMERADO NET INCOME FROM WOUND CARE PGM	176,988	351,789	526,590	526,591	526,592
ANNUAL INCOME TO HOSPITAL FROM TOTAL PROGRAM	\$ 527,122	\$ 739,793	\$ 923,139	\$ 923,333	\$ 915,167

**ADDENDUM B
DA VINCI**

PALOMAR MEDICAL CENTER
Da Vinci Robotics: Actual vs ProForma Comparison

	Pro Forma Year 1	Pro Forma 8mo Yr 1	Act 8 mo. 1107-0608	Estimated Incremental** Act 8 mo. 1107-0608
<u>VOLUMES</u>				
Prostatectomy	30	20	1	1
Mitral Valve	6	4	0	0
Hysterectomy	0	0	45	18
Gastric Bypass	0	0	0	0
Other*	0	0	13	9
Total Cases	36	24	59	28
<u>CONTRIBUTION MARGIN</u>				
Prostatectomy	119,610	79,740	11,836	11,834
Mitral Valve	117,120	78,080	0	0
Hysterectomy	0	0	292,443	116,977
Gastric Bypass	0	0	0	0
Other*	0	0	92,890	74,299
Total Margin	236,730	157,820	397,168	203,111
<u>ADDITIONAL SUPPLY COST</u>				
Prostatectomy	(66,825)	(44,550)	(2,286)	(867)
Mitral Valve	(65,700)	(43,800)	0	0
Hysterectomy	0	0	(102,877)	(15,606)
Gastric Bypass	0	0	0	0
Other*	0	0	(29,720)	(7,803)
Supplies for Non-Incremental Cases	0	0	0	(110,607)
Training Supplies	0	0	(21,300)	(21,300)
Total Additional Supplies	(132,525)	(88,350)	(156,183)	(156,183)
ADJ. CONTRIBUTION MARGIN	104,205	69,470	240,985	46,928

*Cholecystectomy & Esophageal Procedures

**Estimated Hysterectomy is 40% of total per Dr. Ghosh

PALOMAR MEDICAL CENTER
Da Vinci Robotics: Actual vs ProForma Comparison

	Pro Forma Year 1	Act 8 mo. 1107-0608
<u>CAPITAL EXPENDITURES</u>		
PPH	0	1,199,000
Foundation	1,500,000	501,000
Total	1,500,000	1,700,000

PALOMAR MEDICAL CENTER
Da Vinci Robotics: Actual vs Pro Forma Comparison

	Pro Forma 8mo Yr 1	Estimated Incremental** Act 8 mo. 1107-0608
VOLUMES	24	28
Contribution Margin	157,820	203,111
Additional Supply Cost	<u>(88,350)</u>	<u>(156,183)</u>
Adj. Contribution Margin	69,470	46,928
 CAPITAL EXPENDITURES	 1,500,000	 1,700,000

Key Points:

- * Pro Forma for Yr 1 was reduced to 8 months
- * 40% of 2008 Hysterectomy volume is incremental per Dr. Ghosh
- * All esophageal procedures were considered incremental.
Cholecystectomy Procedures were excluded
- * Additional Supply costs includes Da Vinci supplies for training and supply costs for non-incremental cases

**Robotic Surgery Proposal
da Vinci® Surgical System**

TO: Board of Directors

FROM: Board Finance Committee
Tuesday, March 27, 2007

MEETING DATE: Monday, April 16, 2007

BY: Lorie Shoemaker, RN, MSN, CNAA-BC, Chief Nurse Executive
Kimberly Dodson, RN, SLA Perioperative Services

BACKGROUND: Recent advancements in minimally invasive surgical technologies mean that today's patients have a broader range of alternatives to conventional “open” surgery than patients did just 10 years ago. These advancements include the da Vinci® Surgical System, which is providing patients with new, minimally invasive surgical procedures that offer significant advantages over traditional “open” surgeries. These robotic-assisted, minimally invasive procedures – available to treat conditions as diverse as obesity, heart disease and prostate cancer – can benefit patients with less pain, discomfort and blood loss, and with a quicker return to normal activities. PPH and members of the medical staff have been analyzing the da Vinci® Surgical System and have developed a business plan for PPH to acquire this technology. A presentation regarding this potential strategy—including a comprehensive financial analysis—was made to the Board Finance Committee at its March meeting.

BUDGET IMPACT: \$1.7 million capital costs, with the PPH Foundation expected to provide a significant portion of the funding

STAFF RECOMMENDATION: Staff recommends that PPH pursue the acquisition of the da Vinci® Surgical System with the allocation of just under \$1 million of capital, with a potential for supplemented funding from the PPH Foundation, in addition to the currently committed funds.

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends that the Board accept Management’s recommendation to acquire a da Vinci® Surgical System, allocating just under \$1 million of capital toward the purchase, in addition to the committed funding from the PPH Foundation.

Motion: X

Individual Action:

Information:

Required Time:

da Vinci® Surgical System Purchase Investment Summary

Investment Metrics

Capital Investment	\$1,716,000
Return on Investment	23.7%
Cash Payback (Years)	4.0

Financial Impact over the Life of the System

Incremental Revenue	\$14,641,476
Total Incremental Contribution Margin	\$5,347,087
Total Incremental Net Profit and Cash Flow	\$2,737,087

Summary by Specialty

	Annual Procedures		Life of System Incremental Impact		
	Current	Year 7	Procedures	Revenue	Cont Margin
Prostatectomy (dVP)	33	73	199	\$1,165,354	\$261,572
Pyeloplasty	5	8	25	\$321,501	\$126,928
Total Urology	38	81	224	\$1,486,855	\$388,500
Hysterectomy (dvH)	50	125	485	\$3,136,020	\$1,126,010
Sacral Colpopexy	10	50	229	\$1,178,592	\$344,240
Total Gynecology	60	175	714	\$4,314,612	\$1,470,250
Mitral Valve Repair	2	13	61	\$2,143,450	\$713,153
Revascularization	-	-	-	\$0	\$0
Total Cardiac	2	13	61	\$2,143,450	\$713,153
Gastric Bypass	-	-	-	\$0	\$0
Colo-Rectal	20	50	269	\$6,696,559	\$2,775,184
Total General Surgery	20	50	269	\$6,696,559	\$2,775,184
Overall Total	120	319	1,268	\$14,641,476	\$5,347,087

da Vinci® Surgical System Purchase Financial Analysis

Year	1	2	3	4	5	6	7	Total
Incremental Contribution Margin								
Prostatectomy (dVP)	\$25,963	\$34,477	\$30,535	\$32,008	\$39,102	\$46,197	\$53,291	\$261,572
Pyeloplasty	\$15,475	\$19,821	\$19,821	\$19,821	\$19,821	\$16,085	\$16,085	\$126,928
Total Urology	\$41,438	\$54,297	\$50,356	\$51,829	\$58,923	\$62,281	\$69,376	\$388,500
Hysterectomy (dvH)	\$16,392	\$66,079	\$115,766	\$165,452	\$215,139	\$264,826	\$282,357	\$1,126,010
Sacral Colpopexy	\$18,222	\$31,019	\$43,816	\$54,878	\$69,410	\$61,387	\$65,508	\$344,240
Total Gynecology	\$34,614	\$97,098	\$159,582	\$220,330	\$284,549	\$326,212	\$347,865	\$1,470,250
Mitral Valve Repair	\$46,365	\$79,113	\$111,860	\$115,914	\$108,376	\$119,967	\$131,558	\$713,153
Revascularization	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cardiac	\$46,365	\$79,113	\$111,860	\$115,914	\$108,376	\$119,967	\$131,558	\$713,153
Gastric Bypass	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Colo-Rectal	\$165,610	\$220,861	\$296,821	\$393,491	\$478,086	\$573,037	\$647,277	\$2,775,184
Total General Surgery	\$165,610	\$220,861	\$296,821	\$393,491	\$478,086	\$573,037	\$647,277	\$2,775,184
Total Incremental Contribution Margin	\$288,028	\$451,369	\$618,619	\$781,564	\$929,934	\$1,081,497	\$1,196,076	\$5,347,087

Additional Fixed Costs

Annual Service Cost	\$0	\$149,000	\$149,000	\$149,000	\$149,000	\$149,000	\$149,000	\$894,000
Depreciation	\$245,143	\$245,143	\$245,143	\$245,143	\$245,143	\$245,143	\$245,143	\$1,716,000

Net Profit Impact	\$42,886	\$57,226	\$224,476	\$387,421	\$535,791	\$687,354	\$801,934	\$2,737,087
Net Cash Flow	(\$1,427,972)	\$302,369	\$469,619	\$632,564	\$780,934	\$932,497	\$1,047,076	\$2,737,087
Cumulative Cash Flow	(\$1,427,972)	(\$1,125,603)	(\$655,984)	(\$23,420)	\$757,514	\$1,690,011	\$2,737,087	

Financial Metrics

Return on Investment	23.7%	Cash Payback (Years)	4.0
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Total da Vinci Procedures	165	193	210	250	277	305	319	1,719
daVinci System Utilization	32.7%	38.3%	41.7%	49.6%	55.0%	60.5%	63.3%	

ADD B-6

Robotic Surgery Business Plan

March 2007

Prepared for
Finance Committee

**By
Kimberly Dodson**

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Executive Summary

Service / Program Description

What is the proposed service or program?

This business plan outlines a proposal for PPH to acquire a daVinci Surgical System. The da Vinci Surgical System is a sophisticated robotic platform designed to enable complex surgery using a minimally invasive approach. This new technology, not currently available at PMC, is used to treat cancers and other conditions with robotic surgery.

What is the da Vinci Surgical System?

The da Vinci System is called "da Vinci" in part because Leonardo da Vinci invented the first robot. da Vinci also used unparalleled anatomical accuracy and three-dimensional details to bring his masterpieces to life. The da Vinci Surgical System similarly provides physicians with such enhanced detail and precision that the System can simulate an open surgical environment while allowing operation through tiny incisions.

Its technologies allow surgeons to draw on the same techniques learned in open surgery, while providing the opportunity for significantly better clinical results. The da Vinci Surgical System preserves the natural eye-hand-instrument alignment, depth of field and instrument control of an open procedure. Moreover, the System's instrument tips can rotate like the human wrist, allowing surgeons to perform complex dissection or reconstructive surgery in the closed chest, abdomen or pelvis.

This "intuitive motion" is a dramatic improvement over traditional laparoscopic surgery, which requires specialized talent and training. Laparoscopic surgeons operate with long-shafted, non-wristed instruments, which is similar to using a single chopstick or knitting needle in each hand. In contrast, the da Vinci System can provide dramatically better dexterity, control and precision, allowing surgeons to use a minimally invasive approach for complex procedures.

The term Minimally Invasive Surgery (MIS) can be used interchangeably with laparoscopy or endoscopic surgery. MIS is performed through dime-sized (1-2 cm) incisions — also called operating ports. This is in contrast to the much larger incisions used in traditional, open surgery, which are often as large as 6-12 inches long. In cardiac surgery, a conventional "open" approach also involves splitting the breastbone and opening the ribs.

The smaller incisions used in MIS typically enable shorter recovery times and result in less pain, less blood loss, fewer transfusions, fewer infections and reduced hospitalization costs. While MIS has become standard-of-care for particular surgical procedures, it has not been widely adopted for more complex or delicate procedures – for example, prostatectomy and mitral valve repair.

The disorders that can be treated by the da Vinci Surgical System include:

Cancers and Disorders Treated By the da Vinci Surgical System	
Urological Applications	Radical Prostatectomy
	Pyeloplasty
	Cystectomy
	Nephrectomy; Partial Nephrectomy
	Urethral Implantation
Cardiology Applications	Mitral Valve Repair
	Cardiac Revascularization
General Surgery	Myotomy
	Gastric Bypass
	Fundoplication
Thoracic Applications	Thymectomy
	Lobectomy
	Esophagectomy
	Mediastinal Tumor Resection
Gynecological Applications	Myomectomy
	Hysterectomy

Some of the major benefits experienced by surgeons using the da Vinci Surgical System over traditional approaches have been greater surgical precision, increased range of motion, improved dexterity, enhanced visualization and improved access. Benefits experienced by patients may include a shorter hospital stay, less pain, less risk of infection, less blood loss, fewer transfusions, less scarring, faster recovery and a quicker return to normal daily activities. None of these benefits can be guaranteed, as surgery can be both patient- and procedure-specific.

Why the da Vinci Surgical System at Palomar Medical Center?

1. Cardiac Surgery, General/Vascular Surgery, Thoracic, Urology, and GYN Surgery are the service lines interested in using the daVinci technology to grow volume at PPH. Cardiac Surgery will be the first to be trained as they have a team already established and the OR is available.
2. The addition of the daVinci will enhance the attraction and recruiting a top notch surgeons to utilize the equipment. Currently, there are discussions with a Urologist from the City of Hope that will work with PPH surgeons to grow the robotic surgery program.
3. The da Vinci Surgical System is an advanced and high-tech therapy that will enhance the reputation of PPH for surgical care and improve the overall quality perception of PPH by the community.

4. Competition for robotic surgery is still low in San Diego County, only UCSD and Sharp Memorial Hospital offer it currently. Scripps Green Hospital plans to add it in the near future to their new cancer center as well as the San Diego Naval Medical Center. The demand for the modality is projected to grow. There is good potential to attract additional patients from outside the traditional PPH service area from the more coastal zip codes of Oceanside, Vista and Carlsbad as well as the inland cities of Temecula and Fallbrook.
5. The trend in surgery is to move to less invasive types of procedures. With the purchase of this new multi-functional system, surgeries performed in the operating department can be shifted to the da Vinci Surgical System providing for better outcomes, decreased complications and decreased pain management.
6. PPH physicians are supportive of the acquisition of the da Vinci Surgical System. Physicians have already expressed a willingness to train for using the Surgical System and to use it once installed.
7. Instead of sending PPH patients to the Sharp Memorial campus for robotic surgery or to UCSD, these patients can now stay at PMC. This sends the message that PPH is a comprehensive healthcare provider and able to do the most sophisticated therapeutic treatments.

Plan Summary

What are the key points of the plan?

Current Situation

PMC has a high-volume surgery department but does not have robotic surgery capability. Patients in the PPH service area who need or would like robotic surgery now travel to San Diego for treatment at UCSD or to Sharp Memorial.

Da Vinci Surgical System Program Objectives

1. Quality and Service Improvement
2. Enhanced reputation by positioning PPH as having the latest and most advanced technology
3. Provide a method of attracting and recruiting renown physicians and surgeons
4. Achieve high patient and physician satisfaction
5. Realize financial targets and volumes

Location

The Surgery Department, in the main Operating Rooms of PMC, will be the site for the new da Vinci Surgical System. It will be installed in the existing open heart suite since it's the largest of the rooms, and will be utilized for the Mitral Valve Repair cases. As the Hospital relocates, the da Vinci Surgical System will easily move to the new facility, as it is portable.

Program Structure and Operations

This new service will be offered through the existing PMC Surgical Department and managed by the existing surgical supervisor.

Medical Staff Implications

The medical staff is supportive of adding robotic surgery capability to PMC. In addition to the Surgeons, the Chief Medical Quality Officer is supportive of the Program.

Competitive Issues

Currently there are two competitors in the county for robotic surgery: UCSD, and Sharp Memorial Hospital in San Diego, with two more hospitals coming on line in the near future.

Requirements

The equipment purchase is the most significant requirement to establish the program.

Components of the da Vinci Surgical System include:

1. Surgeon Console
2. Patient-side Cart
3. EndoWrist Instruments
4. Vision System

No construction is required for the installation. The new unit itself arrives in modular sections, requires just a four-foot doorway width for delivery, and is portable. It plugs into standard electrical outlets.

Financials

What are the financial implications of the plan?

Indirect revenue will be generated by the addition of this advanced technology for the modalities listed. Once surgeons have acquired the knowledge of working with this surgical system, Operating Room time may be decreased. However, the primary intent of the robotic surgery program is to increase brand enhancement, consumer satisfaction rather than revenue enhancement. Hospitals which have implemented robotic surgery programs have found a small increase in prostate surgeries in the short term. The primary goal with the robotics surgery program is to provide the educated consumer with an advanced technical surgical program with less invasive procedures. When implemented, length of stay will be lowered, thus improving profitability.

Key elements from the complete Pro Forma developed by PPH Financial Department, located in the appendix, for the proposed program shows:

Initial Capital Investment	\$1,650,000 includes the equipment
Return on Investment:	24.9%
Depreciable Life:	7 years
Payback period:	3.9 years

Recommendation

The proposed da Vinci Surgical System for Robotic Surgery will improve the overall quality of services at PPH, enhance and improve the satisfaction of both physicians and patients, and deliver advanced surgical treatment. The implementation process is relatively uncomplicated and the project will have the support of the medical staff. Patient retention will be higher as it eliminates the need for a trip to other hospitals for advanced services. Recruitment will be more readily obtainable for new physicians coming from training programs, locally, with robotic skills which they do not wish to lose without continued use.

Draft

**ADDENDUM C
PERINATOLOGY**

**PALOMAR MEDICAL CENTER
PERINATOLOGY FINANCIAL EVALUATION
Year 1 and 2 Results Compared to Original Projections**

- (1) Volumes
 - Outpatient procedures exceed projections by 1620 visits or 10.6%.
 - Incremental Inpatient Deliveries and NICU cases were estimated at 25% of original projections.

- (2) Contribution Margin for the first 2 years:
 - Outpatient services exceed projections by \$331,000
 - Incremental Inpatient Deliveries and NICU cases are under projections by \$134,000

- (3) Capital Expenditures:
 - Capital Expenditures for Ultrasound equipment totalled \$160,500 as opposed to \$164,000 originally projected.
 - Capital Expenditures for Office and Program furnishings totalled \$36,000 as opposed to \$108,000 originally projected.
 - All building renovations for this service have not yet been completed. This results in a positive cash flow of \$218,000

- (4) The change in cash (cash flow) attributable to the Perinatology Program was projected at a loss of \$274,000 for the first 2 years. Actual results indicate a gain of \$136,600.

PALOMAR MEDICAL CENTER
PERINATOLOGY FINANCIAL EVALUATION
Year 1 and 2 Results Compared to Original Projections

	Projected Year 1	Projected Year 2	Total Year 1 and Year 2	FY 2007	FY 2008 (11 months annualized)	Total FY 07 and FY08	Actual Results Better / (Worse) Than Projected
<u>OUTPATIENT SERVICES</u>							
<u>OPERATING REVENUE</u>							
Inpatient Revenue	0	0	0	0	0	0	0
Outpatient Revenue	2,221,134	2,518,766	4,739,900	2,081,432	3,618,274	5,699,706	959,806
Gross Patient Revenue	2,221,134	2,518,766	4,739,900	2,081,432	3,618,274	5,699,706	959,806
Less Deductions From Revenue	1,763,028	1,999,273	3,762,301	1,644,331	2,894,619	4,538,950	(776,649)
Total Net Revenue	458,106	519,492	977,599	437,101	723,655	1,160,755	183,157
<u>OPERATING EXPENSES</u>							
<u>Direct Expense</u>							
Salaries and Wages	218,847	227,600	446,447	101,549	277,200	378,749	67,698
Employee Benefits	32,827	34,140	66,967	11,255	41,432	52,687	14,280
Unassigned Benefits	24,073	25,036	49,109	10,155	27,720	37,875	11,234
Total Salaries and Benefits	275,747	286,777	562,523	122,959	346,352	469,311	93,213
Professional Fees	150,000	150,000	300,000	156,006	208,008	364,014	(64,014)
Supplies	16,257	17,477	33,734	8,314	6,717	15,031	18,703
Purchased Services / Maintenance and Repair	0	8,200	8,200	6,851	29	6,880	1,320
Depreciation and Amortization	70,019	70,019	140,039	20,236	40,578	60,814	79,225
Other Direct Expense	10,000	10,000	20,000	0	704	704	19,296
Total Direct Expense	522,023	542,473	1,064,496	314,366	602,388	916,754	147,742
Contribution Margin After Total Direct Expense	(63,917)	(22,980)	(86,897)	122,735	121,267	244,002	330,899
<u>Statistical Summary</u>							
Outpatient Visits	7,449	7,821	15,270	7,603	9,287	16,890	1,620
Contribution Margin %	-13.95%	-4.42%	-8.89%	28.08%	16.76%	21.02%	29.91%
Deductions As % of Gross Revenue	79.38%	79.38%	79.38%	79.00%	80.00%	79.63%	-0.26%
<u>INPATIENT SERVICES</u>							
Additional Deliveries	100	105	205	25	30	55	(150)
Contribution Margin	(215)	(123)	(168)	(157)	(149)	(152)	15
Incremental Profit/(Loss)	(21,483)	(12,886)	(34,369)	(3,915)	(4,458)	(8,372)	25,997
Additional NICU Cases	50	53	103	12	15	27	(76)
Contribution Margin	1,531	2,273	1,913	1,328	1,395	1,365	(547)
Incremental Profit/(Loss)	76,559	120,452	197,012	15,940	20,922	36,862	(160,149)
Total Incremental Profit/(Loss)	55,077	107,566	162,643	12,026	16,464	28,490	(134,153)
<u>CAPITAL EXPENDITURES</u>							
Ultrasound Equipment	164,000	0	164,000	160,499	-	160,499	3,501
Office and Program Furnishings	108,410	0	108,410	32,770	3,428	36,198	72,212
Total Capital Equipment	272,410	-	272,410	193,269	3,428	196,697	75,713
Construction - Renovations	217,726	-	217,726	-	-	-	217,726
Total Capital Expenditures	490,136	-	490,136	193,269	3,428	196,697	293,439
NET INCREMENTAL CASH FLOW	(428,957)	154,605	(274,352)	(38,272)	174,881	136,609	410,961

ADD C-3

Palomar Pomerado Health
Perinatology Professional Services and Medical Director Agreement

TO: Board of Directors

FROM: Board Finance Committee
Tuesday, August 29, 2006

MEETING DATE: Monday, September 11, 2006

BY: Diane Key, Service Line Administrator, Women's & Children's Services

BACKGROUND: Palomar Medical Center (PMC) and Pomerado Hospital (POM) have provided basic obstetrical services for 57 years and almost 30 years, respectively. Neither facility presently provides perinatology professional services. Perinatology services are medical services provided by a Maternal-Fetal Medicine physician, also called a Perinatologist, who specializes in the diagnosis, treatment, and ongoing care of expectant mothers and their unborn children, either of which may be at high risk for special health problems. The Perinatologist works in collaboration with the women's Obstetrician to develop a plan of care tailored to meet the individual patient's needs and medical history. Services provided by Perinatologists include maternal and fetal medical care, monitoring, ultrasound examinations, genetic counseling, multiple births, diabetes management, state-of-the-art diagnostic testing (such as amniocentesis), and antepartum monitoring of fetal well being. Presently, PPH physicians must either refer high-risk pregnancies out of the area for perinatology services or provide care to patients who could benefit from perinatology services. PMC physicians receive the majority of high-risk patients from the district.

During the ACOG survey conducted at Pomerado in June 2005, it was recommended by the ACOG surveyors that the addition of perinatology services to the PPH obstetrical programs should be considered. In response to PPH's notice establish perinatology services, both The University of California, San Diego School of Medicine, Department of Reproductive Medicine ("UCSD") and Sharp Perinatology Group expressed interest in providing perinatology professional and medical director services. The University of California, San Diego School of Medicine, Department of Reproductive Medicine and the Sharp Perinatology Group presently provide similar services at UCSD and Sharp Mary Birch, respectively. In that multiple providers expressed interest, a Request for Proposal (RFP) process was initiated, and both entities were invited to respond.

PPH Administration and representatives from both the PMC and POM Departments of OB/GYN reviewed the RFP responses. The leadership of both interested parties was also interviewed, in order to assure a clear understanding by the parties as to the intent and terms of the agreement. A recommendation was made to the Departments of OB/GYN at both PMC and POM to proceed with an Agreement with UCSD for Perinatology Professional and Medical Director services, including on-call coverage, inpatient consultation, diagnostic and therapeutic perinatal services, and administrative oversight for the perinatal program.

The Agreement calls for professional perinatology medical services by UCSD to be billed and collected by UCSD as compensation for professional services. PPH will pay for medical director services and on-call department coverage.

PPH will be responsible for the billing and collection of the technical component of the perinatal services program.

ADD C-4

Palomar Pomerado Health
Perinatology Professional Services and Medical Director Agreement

The University of California, San Diego School of Medicine, Department of Reproductive Medicine will be responsible for:

- The establishment of an inpatient perinatology consultation service
- The establishment of outpatient fetal diagnostic services
- Providing medical director oversight
- Providing educational opportunities for physicians and hospital staff
- Participating in facility planning, the budget process, and the improvement of clinical services provided by the Departments of OB/GYN on both campuses

BUDGET IMPACT: Budgeted FY07

STAFF RECOMMENDATION: Approval

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION: The Finance Committee recommends approval of the Perinatology Professional Services and Medical Director Agreement with the University of California, San Diego School of Medicine, Department of Reproductive Medicine.

Motion: **X**

Individual Action:

Information:

Required Time:

**PALOMAR POMERADO HEALTH
PERINATOLOGY PROGRAM
Financial Summary**

- (1)** The financial evaluation of this service is to determine whether we should proceed with the implementation of the Perinatology Program and the contract for the Perinatologist.
- (2)** Proposed equipment and renovation costs total \$490,136.
- (3)** Assuming a discount rate of 5.0% and total capital costs of \$490,136 the program provides a positive Internal Rate of Return of 32.53% with a payback of 3.0 years.
- (4)** The contribution margin ranges from 2.4% in year 1 to 19.8% in year 7.

PALOMAR MEDICAL CENTER
PERINATOLOGY FINANCIAL EVALUATION
With Projected Procedure Growth
Consolidated Projections for Incremental Outpatient Services, Deliveries and NICU Admissions

	INCREMENTAL CASH FLOWS ONLY							
	Current Yr	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Incremental Cash Flow	(490,136)	58,981	151,100	270,120	410,774	576,424	770,918	998,663
Cumulative Cash Flow	(490,136)	(431,155)	(280,055)	(9,935)	400,839	977,263	1,748,181	2,746,844
Ultrasound Machine and Equipment Construction/Refurbishment	272,410							
NPV	217,726							
Discount Rate	1,915,256							
IRR	5.00%							
Payback in Years	32.53%							
	3.0							
Volumes:								
Non-Stress Tests (NST)	4,497	1,447	1,519	1,595	1,675	1,759	1,847	1,939
OB Ultrasounds	-	4,499	4,724	4,960	5,208	5,469	5,742	6,029
Amniocentesis	22	450	472	496	521	547	574	603
Total Outpatient Procedures	4,519	6,396	6,716	7,052	7,404	7,774	8,163	8,571
Deliveries	4,480	100	105	110	116	122	128	134
NICU Patient Days	2,852	1,395	1,465	1,538	1,615	1,696	1,780	1,869
GROSS PATIENT REVENUE								
Non-Stress Tests (NST).	1,169,220	406,346	460,796	522,543	592,563	671,967	762,010	864,120
OB Ultrasounds	-	1,652,014	1,873,384	2,124,418	2,409,090	2,731,908	3,097,984	3,513,113
Amniocentesis	7,370	162,774	184,586	209,320	237,369	269,176	305,246	346,149
Deliveries	39,500,439	952,243	1,079,843	1,224,542	1,388,631	1,574,707	1,785,718	2,025,005
NICU Patients	7,746,881	4,092,374	4,640,752	5,262,613	5,967,803	6,767,488	7,674,332	8,702,692
Total Gross Revenue	48,423,910	7,265,751	8,239,361	9,343,435	10,595,456	12,015,247	13,625,290	15,451,079
Net Revenue	17,690,527	2,463,251	2,775,872	3,128,229	3,525,379	3,973,027	4,477,603	5,046,357
Net Revenue as a % of Gross	36.53%	33.90%	33.69%	33.48%	33.27%	33.07%	32.86%	32.66%
Direct Expenses								
Outpatient Direct Expense	107,103	454,202	474,822	487,789	501,327	515,465	530,230	545,652
OB Direct Expense	15,543,045	364,290	401,630	442,797	488,184	538,222	593,390	654,213
NICU Direct Expense	3,087,652	1,585,778	1,748,320	1,927,523	2,125,094	2,342,916	2,583,065	2,847,829
TOTAL DIRECT EXPENSE	18,737,801	2,404,270	2,624,772	2,858,109	3,114,605	3,396,604	3,706,685	4,047,694
Net Incremental Cash		58,981	151,100	270,120	410,774	576,424	770,918	998,663
Procedure Growth		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
ASSUMPTIONS:								
Gross Revenue Increase		8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Net Revenue Growth		8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Labor Inflation		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Non Labor Inflation		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Payback in Months		12	12	12	0	-	-	-

ADD C-7

PALOMAR MEDICAL CENTER
PERINATOLOGY FINANCIAL EVALUATION
Projected 7 Year Income Statement
Consolidated Projections for Incremental Outpatient Services, Deliveries and NICU Admissions

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<u>OPERATING REVENUE</u>							
Inpatient Revenue - OB (1)	952,243	1,079,843	1,224,542	1,388,631	1,574,707	1,785,718	2,025,005
Inpatient Revenue - NICU	4,092,374	4,640,752	5,262,613	5,967,803	6,767,488	7,674,332	8,702,692
Outpatient Revenue	2,221,134	2,518,766	2,856,281	3,239,022	3,673,051	4,165,240	4,723,382
Gross Patient Revenue	6,313,508	7,159,518	8,118,893	9,206,825	10,440,539	11,839,572	13,426,074
Less Deductions From Revenue	3,850,257	4,383,646	4,990,664	5,681,446	6,467,512	7,361,969	8,379,717
Total Net Revenue	2,463,251	2,775,872	3,128,229	3,525,379	3,973,027	4,477,603	5,046,357
<u>OPERATING EXPENSES</u>							
<u>Direct Expense</u>							
Outpatient Services	454,202	474,822	487,789	501,327	515,465	530,230	545,652
Deliveries - OB Inpatient	364,290	401,630	442,797	488,184	538,222	593,390	654,213
NICU Admissions	1,585,778	1,748,320	1,927,523	2,125,094	2,342,916	2,583,065	2,847,829
Total Direct Expense	2,404,270	2,624,772	2,858,109	3,114,605	3,396,604	3,706,685	4,047,694
Contribution Margin After Total Direct Expense	58,981	151,100	270,120	410,774	576,424	770,918	998,663
<u>Statistical Summary</u>							
Outpatient Visits	7,449	7,821	8,212	8,623	9,054	9,507	9,982
Contribution Margin %	2.39%	5.44%	8.63%	11.65%	14.51%	17.22%	19.79%
Deductions As % of Gross Revenue	60.98%	61.23%	61.47%	61.71%	61.95%	62.18%	62.41%

(1) Not included are antepartum inpatient stays for high risk mothers.

ADD C-8

**ADDENDUM D
FY2008 CAPITAL**

Capital Budget Recap

Category:

Equipment Pool<\$100K	\$ 2.0 million
Medical Equipment Pool>\$100K	\$ 2.7 million
Facilities Renovation Pool	\$ 3.6 million
Information Technology Pool	\$ 1.7 million

FY 2008 Allocated Capital Budget \$10.0 million

Capital Reserve - FMP \$ 5.0 million

Total FY 2008 Capital Budget \$15.0 million

Note: Does not include multi-year imaging strategic plan

ADD D-2

RECAP OF FY08 CAPITAL BUDGET
As of August 12, 2008

<u>Facility</u>	<u>Description</u>	<u>Budgeted Amount</u>	<u>Amount Spent to Date</u>	<u>Amount for Item</u>	<u>Balance to Allocate</u>
<u>Equipment - > than \$100,000 -</u>					
	<u>Original Budget</u>	<u>2,700,000</u>	2,290,183	<u>2,846,650</u>	240,350
	Budget Transfer from <100K	<u>387,000</u>			
	Adjusted Budget	<u>3,087,000</u>			
System	Novo Software Project		387,186	546,750	
System	HealthwoRx equipment		27,200	387,000	
PMC	Calysto Sys for Hemodynamic - CC7570		231,784	231,784	
PMC	Ventilators - 6		202,766	202,766	
System	Voice Recognition - additional to prior yr		174,000	174,000	
PMC	Power Instruments - Stryker		165,469	168,885	
POM	Microscope Leica		151,841	151,841	
POM	Endoscopic Tower w./ monitor		135,747	135,747	
PMC	Auto Blood Bank Testing		130,680	130,680	
POM	Lung Perfusion Machine		118,532	118,532	
POM	MRI Vital Signs Monitor		87,411	99,000	
POM	Carpet & Wallcovering - CC #8460		92,753	97,947	
POM	Jackson Table		92,267	92,267	
POM	Force Trial Energy Platform - CC7420		87,580	87,580	
PMC	Chairs / Recliners CC8610		84,003	85,757	
PMC	Echo Credential System & data mgmt		67,000	73,700	
POM	Surgical Table - Maquet		53,964	62,414	
<u>Information Technology</u>					
	<u>Original Budget</u>	<u>1,700,000</u>	1,517,663	<u>1,643,228</u>	56,772
System	PC Pool		569,341	638,910	
Central	IBM Mainframe - replacement		179,828	191,000	
Central	Cisco - Wireless & Lan/Wan		147,373	150,097	

ADD D-3

RECAP OF FY08 CAPITAL BUDGET
As of August 12, 2008

Facility	Description	Budgeted Amount	Amount Spent to Date	Amount for Item	Balance to Allocate
Central	Service Center Software		120,272	123,691	
Central	Zone Transceivers		71,335	72,503	
Central	Tape Drives		64,653	64,653	
Central	UPS system		35,200	35,200	
POM	Data Center Remodel		16,762	34,193	
Central	Cisco switches, antenna, memory		30,307	30,003	
Central	Server - ResQ		28,035	29,185	
Central	Servers		23,792	27,500	
Central	AIX application server		26,033	27,500	
Central	API (time and attendance) server & license		26,251	27,429	
PMC	SQL servers		18,890	26,000	
Central	Citrix servers		22,061	24,319	
Central	Data Center - Seismic anchoring		22,706	22,706	
Central	Server - ResQ		21,389	21,389	
Central	PCI Fax Card and Server		18,181	18,181	
Central	BMC knowledge service ctr		15,200	15,200	
Central	Storage Expansion Unit		14,778	15,059	
Central	Server - Midas		14,914	15,020	
Central	BOD laptops		11,633	14,554	
Central	Server - Service Ctr		9,012	8,984	
Central	IBM Server		7,530	7,765	
PMC	Computer - Trauma		2,187	2,187	

Facilities Renovations

Original Budget

3,600,000	1,495,663	3,585,488	14,512
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PMC	NICU Expansion		800,000	
Outreach	CITRACADO TIMESHARE TENANT IMPROVEMENTS		456,019	533,398
System	SPACE ALLOCATION SYSTEM WIDE-PHASE I		521,807	520,211
PCCC	ADA renovations			475,000

ADD D-4

RECAP OF FY08 CAPITAL BUDGET
As of August 12, 2008

Facility	Description	Budgeted Amount	Amount Spent to Date	Amount for Item	Balance to Allocate
VP	SubAcute Expansion			426,100	
Outreach	EXPRESS CARE CLINICS		306,353	339,252	
Outreach	POP PHYSICIAN TIMESHARE		131,625	220,000	
PMC	PERINATOLOGY DEPT EXPANSION		-	139,166	
PMC	STERIS STERILIZER @ PMC		74,858	74,982	
VP	WANDERGUARD EXPANSION VILLA POM		5,000	57,379	
<u>Equipment - less than \$100,000 -</u>					
	<u>Original Budget</u>	<u>2,000,000</u>	<u>1,424,248</u>	<u>1,550,799</u>	62,201
	Budget Transfer to >100K	<u>(387,000)</u>			
	Adjusted Budget	<u>1,613,000</u>			
POM	PYXIS CII SAFE CONTROL STATION		69,785	72,087	
POM	CODE BLUE CARTS FOR PAL & POM		66,163	65,464	
PMC	MONITORS WIRELESS INTELLIVUE		63,759	63,760	
POM	ANESTHESIA MACHINE DATEX OHMEDA		60,978	60,979	
Central	INTEGRATED PATIENT RELATIONSHIP DATABASE		60,000	60,000	
PMC	ULTRASOUND SONOSITE M TURBO 19		59,560	59,560	
PMC	COURIER PICKUP TOYOTA TACOMA		59,263	59,263	
PMC	INFANT WARMERS		55,054	58,416	
POM	INFANT PROTECTN UPGRADE HUGS		52,683	57,952	
POM	SURGERY FIRE DOORS		50,321	54,291	
POM	SWEEPER/SCRUBBER		51,937	51,937	
PMC	STEAM BOILER & INSTALL		35,096	39,050	
PMC	ABL825 FLEX ANALYZER		36,030	38,852	
PMC	MED GAS ALARMS		29,226	37,763	
PMC	CERNER PHARMNET LABEL TOOL		-	37,688	
PMC	GENERATOR FORCE-EZ-C VALLEY LAB		34,737	35,921	
POM	WALL PROTECTN & CRASHRAILS		20,993	34,549	
PMC	GIRAFFE OMNIBED ISOLETTE/WARMER		32,441	32,441	

ADD D-5

RECAP OF FY08 CAPITAL BUDGET
As of August 12, 2008

Facility	Description	Budgeted Amount	Amount Spent to Date	Amount for Item	Balance to Allocate
Central	2008 CHEV TRUCK 2500		27,706	27,706	
PMC	COLLEAGUE PUMPS TRIPLE & SINGLE IV		27,018	27,583	
PMC	AMSCO SONIC ENERGY CONSOLE		23,196	23,197	
PMC	FLUID INFUSER/WARMER		22,563	23,034	
PMC	CRYOSTAT		22,659	22,660	
Outreach	PATIENT MONITORS (3) DATASCOPE PASSPORT2		20,150	20,571	
Central	HR PAPERLESS SYSTEM SOFTWARE		20,520	20,520	
PMC	TECAN EVO 75 WORKSTATION		16,603	18,853	
PMC	PHILLIPS MONITORS		18,504	18,504	
POM	ULTRASOUND SONOSITE FOR PICC		18,493	18,494	
PMC	GE FETAL MONITOR		17,904	17,906	
PMC	FREEZER 3-DR REACH IN		14,886	17,082	
Outreach	SMALL BONE SETS (2)		11,554	16,606	
POM	GLIDE SCOPE		15,858	16,308	
PCCC	DOOR ALARM SYS PCCC		14,672	16,140	
PMC	DRAGER TRANSPORT INCUBATOR		15,229	15,547	
POM	PLATELET FUNCTION ANALYZER		15,420	15,421	
Outreach	SURGICAL TABLE		13,314	13,184	
PCCC	VITAL SIGNS MACHINE		12,246	12,321	
Central	MEETING RM MGR SOFTWARE		11,019	12,066	
POM	OFFICE FURNITURE FOR DR. DAVID TAM		11,135	11,353	
POM	CRITICORE MONITORS (8)		11,312	11,206	
POM	CRASH CARTS NEONATAL		11,152	11,153	
PMC	PYXIS 2000 TOWER & DRAWERS		1,650	11,000	
PMC	ECG TELEMETRY TRANSMITTERS (4)		10,529	10,805	
PMC	MEDEX 3500 SYRINGE PUMPS (4)		10,758	10,758	
PMC	ANTEPARTUM TEST WORKSTATION		-	10,415	
POM	FIRE SUPPRESSION-POM FANS		10,218	10,218	
PMC	TABLE & CHAIRS GRAYBILL		9,513	9,756	
PMC	PHILIPS VITAL SIGN MACHINE		9,614	9,615	
PMC	ARTHROTOMY TRAY & CONTAINERS		8,144	9,534	

ADD D-6

RECAP OF FY08 CAPITAL BUDGET
As of August 12, 2008

Facility	Description	Budgeted Amount	Amount Spent to Date	Amount for Item	Balance to Allocate
POM	LASER INDIRECT OPHTHALMOSCOPE		9,194	9,350	
POM	SECURITY GOLF CARTS		8,021	8,021	
PMC	SCOTTCARE TELEREHAB MONITORING SYSTEM		7,179	7,179	
PMC	ICE MACHINE		5,526	6,899	
POM	VASCULAR STORAGE CART		6,854	6,847	
PMC	SECURITY CAMERAS-ENVIRODOME		6,452	6,790	
PMC	LINE PRINTER		6,729	6,729	
PMC	PATIENT MONITORS (2) VITAL CHECK		6,581	6,581	
PMC	TELEMETRY TRANSMITTER		6,272	6,404	
PMC	GYM TOWER		6,015	6,015	
POM	REFRIGERATOR REACH-IN		5,902	6,000	
POM	VASOPNEUMATIC COOLNG SYS GAME READY		5,622	5,830	
PMC	FURNITURE & STORAGE UPGRADES MIDWIVES		5,407	5,681	
Central	ICE MACHINE INNOV LUNCHRM		5,395	5,395	
POM	MULTI-USE GYM BATCA X2		5,390	5,390	
PMC	COMMERCIAL DRYER		-	5,050	
POM	FOOD CART		4,876	4,933	
PMC	EPIDURAL POSITION DEVICE		4,730	4,701	
PMC	COAGULATION ANALYZER		4,367	4,367	
PMC	PYXIS MEDSTATION CONVERSION TO PROFILE		4,173	4,174	
PMC	REFRIGERATOR SINGLE DOOR		2,976	3,880	
POM	SURGICAL STOOL		3,503	3,503	
Central	IBM HARD DRIVES		3,226	3,276	
PCCC	TELEVISION SAMSUNG 61"		3,104	3,101	
POM	CRITICORE MONITORS (2)		2,828	2,802	
POM	GAS FRYER DOUBLE		2,364	2,412	
TOTAL Routine Capital:		\$ 10,000,000	\$ 6,727,757	\$ 9,626,165	373,835

ADD D-7

RECAP OF FY08 CAPITAL BUDGET
As of August 12, 2008

<u>Facility</u>	<u>Description</u>	<u>Budgeted Amount</u>	<u>Amount Spent to Date</u>	<u>Amount for Item</u>	<u>Balance to Allocate</u>
<u>Funding of Routine Capital from other Sources:</u>					
<u>FOUNDATION FUNDING</u>					
	VASCULAR STORAGE CART		6,500	6,500	
	GIRAFFE OMNIBED ISOLETTE/WARMER (partial funding)		4,522	4,522	
	COAGULATION ANALYZER (partial fndg)		1,000	1,000	
	BUS TYPE II		61,032	61,032	
	AMICO BEDISDE CABINETS (4)		3,308	3,308	
			<u>76,362</u>	<u>76,362</u>	(76,362)
<u>GRANT FUNDING</u>					
	HEARING SCREENERS (PPNC GRANT)		<u>36,129</u>	<u>36,129</u>	(36,129)
TOTAL Routine Capital Spend:		<u>\$ 10,000,000</u>	<u>6,840,248</u>	<u>9,738,656</u>	<u>261,344</u>

ADD D-8

ADDENDUM E

FY09 Initiative Development

- EMT prioritized and resourced initiatives in a focused manner
- Many initiatives carryover from FY08; limited new initiatives
- Next step will be for Departments to establish departmental initiative priorities for FY09

Financial Strength

1. Achieve profitability
2. Demonstrate business growth

FY09 Initiatives

1. Enhance revenue charge capture through Charge Service Optimization, Charge Capture and Reconciliation and CDM maintenance and redesign
2. Enhance clinical documentation through Clinical Documentation Program and Present on Admission project
3. Leverage existing relationships and programs to grow business

Customer Service

1. Develop loyal patients
2. Develop loyal physicians
3. Strengthen community relationships and outreach

FY09 Initiatives

1. Systematically implement best practices in patient loyalty

Quality

1. Demonstrate high quality, safe patient care
2. Optimize process efficiency and effectiveness

FY09 Initiatives

1. Systematically implement best practices to achieve reliable delivery of evidence-based care
2. Systematically identify and improve key processes to increase reliable delivery of services

Workforce Development

1. Attract, acquire and retain a high quality workforce
2. Create an environment of innovation, learning and professional commitment

FY09 Initiatives

1. Implement a Workforce Strategic Plan
2. Implement a systematic approach for management talent identification and succession planning

Workplace Development

1. Provide the tools and equipment for optimal performance
2. Provide facilities for optimal delivery and receiving of services

FY09 Initiatives

1. Optimize Phase 1 Cerner system
2. Develop a plan for
 - Centralization of support services
 - Approach to distribution of materials
 - Approach to medication distribution
3. Realize Year 1 Capital Campaign proceeds

FY 09 Initiative Planning

Draft 7-18-08

FY09 Goals	Objectives	Outcome Measures	FY '09 DRAFT INITIATIVES	FY09 Threshold	FY09 Target	FY09 Maximum
Achieve Aa bond rating	1.1 Achieve profitability	OEBITDA Margin % with Property Tax	Enhance revenue charge capture through completion of HealthwoRx projects #8 (Charge Service Optimization), #11 (Charge Capture and Reconciliation) and # 9 (CDM maintenance and redesign) Enhance clinical documentation through completion of HealthwoRx projects #5 (Clinical Documentation Program) and #28 (Present on Admission)	10.40%	10.40%	10.60%
	1.2 Demonstrate business growth	Increase in Adjusted Discharges above budget	Leverage existing relationships and programs to grow business	2%	5%	8%
Realize 90th percentile for physician and patient loyalty	2.1 Develop loyal patients	Patient Loyalty Scores	Systematically implement best practices in patient loyalty	FY08 final raw score plus 1.0	FY08 final raw score plus 1.5	FY08 final raw score plus 2.0
	2.2 Develop loyal physicians					
	2.3 Strengthen community relationships and outreach to enhance awareness of PPH services	Market Share		2007 market share +.2%	2007 market share + .3%	2007 market share+.4%
Achieve national recognition for clinical quality and performance excellence including achievement of Magnet Designation and achieving the California Baldrige Award	3.1 Demonstrate high quality, safe patient care	Core measures	Systematically implement best practices to achieve reliable delivery of evidenced-based care	PMC: 3/4 Core Measure Sets composite scores will be in the top 2 deciles POM: 2/3 Core Measure Sets composite scores will be in the top 2 deciles	PMC: 4/4 Core Measure Sets composite scores will be in the top 2 deciles POM: 3/3 Core Measure Sets composite scores will be in the top 2 deciles	PMC: 2/4 Core Measure Sets composite scores will be in the top decile POM: 1/3 Core Measure Sets composite scores will be in the top decile
	3.2 Optimize process efficiency and effectiveness	Cost per Adjusted Discharge (OEBITDA)	Systematically identify and improve key processes to increase reliable delivery of services	\$10,150	\$9,947	\$9,748

FY 09 Initiative Planning

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FY09 Goals	Objectives	Outcome Measures	FY '09 DRAFT INITIATIVES	FY09 Threshold	FY09 Target	FY09 Maximum
<p>Achieve national recognition as one of the top health systems in the country to work for including achieving 90th percentile of employee engagement scores</p>	<p>4.1 Attract, acquire and retain a high quality workforce</p>	<p>90-day retention rate</p>	<p>Implement a Workforce Strategic Plan</p>	<p>87%</p>	<p>88%</p>	<p>89%</p>
	<p>4.2 Create an environment of innovation, learning and professional commitment</p>	<p>Management composite score on Q12 question about have had opportunities at work to learn and grow</p>	<p>Implement a systematic approach for management talent identification and succession planning for all managers and above</p>	<p>4.67</p>	<p>4.69</p>	<p>4.71</p>
<p>Achieve national recognition for development of state-of-the-art facilities and technology</p>	<p>5.1 Provide the tools and equipment for optimal performance</p>	<p>Score on Q12 question about tools and equipment to do job</p>	<p>Optimize Phase 1 Cerner system</p>	<p>3.9</p>	<p>3.92</p>	<p>3.94</p>
	<p>5.2 Provide facilities for optimal delivery and receiving of services</p>	<p>Capital Campaign</p>	<p>Develop a plan for 1) centralization of support services; 2) approach to distribution of materials; and 3) approach to medication distribution Realize Year 1 Capital Campaign proceeds</p>	<p>\$6 million</p>	<p>\$8 million</p>	<p>\$10 million</p>

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