

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

**BOARD OF DIRECTORS
AGENDA PACKET**

February 09, 2009

*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
Linda C. Greer, RN, Vice Chairman
Nancy L. Bassett, RN, MBA, Secretary
T. E. Kleiter, Treasurer
Marcelo R. Rivera, MD
Alan W. Larson, MD
Jerry Kaufman, MAPT

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
REGULAR MEETING AGENDA**

Monday, February 09, 2009

**Palomar Medical Center
Graybill Auditorium
Escondido, CA**

Commences 6:30 p.m.

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>
I. CALL TO ORDER		
II. OPENING CEREMONY	2	
A. Pledge of Allegiance		
III. PUBLIC COMMENTS	5	
<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. * MINUTES	5	6-12
Regular Board Meeting – January 12, 2009		
Special Board Meeting – January 08, 2009		
V. * APPROVAL OF AGENDA to accept the Consent Items as listed	5	13- 175
A. December 2008 & YTD FY2009 Financial Report		
B. Approval of Revolving, Patient Refund and Payroll Fund Disbursements– December, 2008		
1. Accounts Payable Invoices	\$45,172,399.00	
2. Net Payroll	<u>\$10,752,277.00</u>	
Total	<u>\$55,924,677.00</u>	
C. Ratification of Paid Bills		
D. Audit and Compliance Committee Charter		
E. Annual Review of Board Finance Committee Bylaws		
F. Designation of Subordinate Officers of the District		
G. Draft ICOC Meeting Minutes		
H. Physician Independent Contract Agreement		
I. PMC Admin Services Agreements Med Staff Dept Chair, QMC Chair		
J. POM Admin Services Agreements Med Staff Officers		

“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.***

- K. VHA/Novation Southern CA Purchasing Coalition
- L. Minutes from January Community Relations Meeting
(minutes available on the Leadership drive)

VI. PRESENTATIONS

- A. **Trauma** - Kim Colonnelli, Debra Byrnes and Dr. Steele 10 176
- * 1. Official support of Trauma from the Board for the American College of Surgeons survey occurring in May.
- B. Legal Department Strategic Plan – Janine Sarti 10 177-193
- C. Form 700 – Janine Sarti 10 194-206

VII. REPORTS

- A. **Medical Staffs** 15 207-243
 - * 1. Palomar Medical Center – John Lilley, M.D.
 - a. Credentialing/Reappointments
 - * 2. Pomerado Hospital – Frank Martin, M.D.
 - a. Credentialing/Reappointments
- B. **Administrative**
 - 1. Chairman of Palomar Pomerado Health Foundation – Al Stehly
 - a. Update on PPHF Activities 5 244
 - * b. Naming Opportunity at Jean McLaughlin’s Women’s Center
 - 2. Chairman of the Board – Bruce Krider 15 Verbal Report
 - 3. President and CEO – Michael H. Covert, FACHE 10 Verbal Report

VII. INFORMATION ITEMS (Discussion by exception only) 245-315

- A. Audit and Compliance – Report on Ad Hoc Compliance Committee
- B. Audit and Compliance – Status of Director of Corporate Compliance Department Search
- C. Audit and Compliance –Status of Compliance Department Hotline
- D. Audit and Compliance – Next meeting of Audit and Compliance time and date
- E. Audit and Compliance – Re-draft of Committee Charter
- F. Audit and Compliance – Update on Internal Audit Services Activities
- G. Audit and Compliance – Update on 3M Auditing Expert Coding Program
- H. Governance – Board Policies Availability on Lucidoc
- I. Governance – District Structure Outline added to Board Portal

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

- J. Governance – Board Policy Review Schedule
- K. Human Resources - Annual Review of PPH Bylaws Relating to HR Committee
- L. Human Resources - 2009 HR Committee Dates/Times
- M. Human Resources – Dependent Audit
- N. Human Resources – Job Descriptions
- O. Human Resources – Position Reorganization
- P. Human Resources – Quarterly HR Report
- Q. Human Resources – Rewards and Recognition Program
- R. Finance - Finance Committee Meeting Schedule 2009
- S. Community Relations – Marketing HealthSource Campus
- T. Community Relations – CRM Update
- U. Community Relations – Web Strategy
- V. Community Relations – Branding Update
- W. Community Relations – Research Update
- X. Community Relations – HealthSource Update
- Y. Community Relations – Community Action Councils
- Z. Community Relations – Media Update

VIII. COMMITTEE REPORTS

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316-332

- A. * **Internal Audit and Compliance Committee**
 - 1. Organizational level of the Compliance Officer and the Director of Internal Audit
- B. **Governance Committee**
- C. **Human Resources Committee**
- D. **Community Relations**
- E. **Facilities and Grounds**
 - 1. Did not meet in January
- F. **Board Quality Review Committee**
- G. **Finance Committee**
- H. **Strategic Planning Committee**
 - 1. Did not meet in January
- I. **Other Committee Chair Comments on Committee Highlights** (*standing item*)

IX. BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH

X. ADJOURNMENT

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

**Palomar Pomerado Health
BOARD OF DIRECTORS
REGULAR BOARD MEETING
Pomerado Hospital/ Room C
Monday, January 12, 2009**

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CALL TO ORDER	6:30 pm Quorum comprised Directors Bassett, Greer, Kaufman, Kleiter, Krider, Larson and Rivera.		
OPENING CEREMONY	The Pledge of Allegiance was recited in unison.		
MISSION AND VISION STATEMENTS	<p>The PPH mission and vision statements are as follows:</p> <p><i>The mission of Palomar Pomerado Health is to heal, comfort and promote health in the communities we serve.</i></p> <p><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></p>		
NOTICE OF MEETING	Notice of Meeting was mailed consistent with legal requirements		
PUBLIC COMMENTS			
APPROVAL OF MINUTES <ul style="list-style-type: none"> • Regular Board Meeting December 08, 2008 		<p>MOTION: by Bassett, 2nd by Kleiter and carried to approve the July 14, 2008 minutes with revisions. All in favor. None opposed.</p> <p>Revision made to Linda Greer's daughter's name, Daughter is Carol.</p> <p>Severance package for Director of Corporate Compliance is 12 months not six.</p>	
APPROVAL OF AGENDA to accept the Consent Items as listed		MOTION: by Bassett , 2 nd by Kleiter and carried to approve the	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<p>A. Consolidated Financial Statement B. Revolving Fund Transfers/Disbursements – November, 2008 C. Ratification of Paid Bills</p>		<p>Consent Items. Item D removed. All in favor. None opposed.</p>	
REPORTS			
Medical Staff			
Palomar Medical Center			
<ul style="list-style-type: none"> ▪ Credentialing 	<p>John J. Lilley, MD., Chief of PMC Medical Staff, presented PMC’s requests for approval of Credentialing Recommendations.</p>	<p>MOTION: by Greer, 2nd by Kleiter and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the PMC Medical Staff, as presented. All in favor. None opposed.</p> <p>Directors Bassett and Larson abstained to avoid potential conflict of interest.</p>	
Pomerado Hospital			
<ul style="list-style-type: none"> ▪ Credentialing 	<p>Frank Martin, MD., Chief of Pomerado Medical Staff, presented Pomerado Hospital’s requests for approval of Credentialing Recommendations.</p>	<p>MOTION: by Kleiter, 2nd by Krider 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.</p> <p>Directors Bassett and Larson abstained to avoid potential conflict of interest.</p>	
Administrative			
Chairman - Palomar Pomerado Health Foundation	<p><i>Bill Chaffin stood in for Al Stehly</i></p>		
	<p>In December, over \$120k was raised and 91 new donors were added. A reminder was given that the Gala will be held on June 13th and Terry Green the new Chief Development Officer was introduced.</p>		
Chairman of the Board - Palomar Pomerado Health	<p><i>Bruce G. Krider, MA</i></p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	A Board self evaluation is being scheduled.		
President and CEO	<i>Michael Covert, President and CEO</i>		
	<p>Mr. Covert officially acknowledged and welcomed Roger Acheatel MD, the new Chief of Staff Elect at Pomerado.</p> <p>The radiology transition took place on December 31st and went smoothly despite some equipment issues.</p> <p>Mr. Covert will be scheduling more visits with individual physicians in the upcoming months.</p> <p>There was a facilities/finance strategic planning meeting last week that provided timelines and answered many questions.</p> <p>Administrative staff evaluations have been completed and packets should be available soon.</p>		
INFORMATION ITEMS	<i>Discussion by exception only</i>		
<ul style="list-style-type: none"> ▪ Strategic Planning 	<ul style="list-style-type: none"> ▪ Strategic Planning - OB Laborist & Pediatrics Hospital (presentation available on Leadership Drive) ▪ Strategic Planning - Stereotactic Radiosurgery (presentation available on Leadership Drive) ▪ Strategic Planning - PPH Expresscare (presentation available on Leadership Drive) ▪ Strategic Planning - Integrative Medicine (presentation available on Leadership Drive) ▪ Strategic Planning - Imaging Transition ▪ Strategic Planning - Pulmonary Rehab (presentation available on Leadership Drive) 		
COMMITTEE CHAIR COMMENTS			
<ul style="list-style-type: none"> • Internal Audit 	No meeting in December. The position of Director of Compliance is still looking to be filled.		
<ul style="list-style-type: none"> • Governance 	No meeting in December. Director Larson proposed periodic speakers in mini sessions on		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	Fridays or a retreat to attend a Governance Forum.		
<ul style="list-style-type: none"> • Human Resources 	No meeting in December. The 2009 meetings will be held on the third Wednesday of the month at 5:15pm in the Grand building.		
<ul style="list-style-type: none"> • Strategic Planning 	Director Larson is in the process of planning a retreat to renew the five year goals. It was suggested that a brief meeting be held to look at the vision that is desired for the Strategic Plan and then move onward to several shorter meetings to cover the topics so that there will not be a rush.		
<ul style="list-style-type: none"> • Community Relations 	No meeting in December.		
<ul style="list-style-type: none"> • Board Facilities and Grounds 	No meeting in December.		
<ul style="list-style-type: none"> • Board Quality Review 	There is an upcoming joint meeting with Finance on January 27 th , 2009.		
<ul style="list-style-type: none"> • Finance 	The January 8 th special Board meeting provided an update on current financial issues.		
BOARD MEMBER COMMENTS and AGENDA ITEMS FOR NEXT MONTH			
ADJOURNMENT	6:56 p.m.		
SIGNATURES <ul style="list-style-type: none"> ▪ Board Secretary ▪ Board Assistant 	<hr/> Nancy Bassett, RN, MBA <hr/> Nicole Dennis		

**Palomar Pomerado Health
BOARD OF DIRECTORS
SPECIAL BOARD MEETING
Palomar Medical Center, Graybill Auditorium
Thursday, January 08, 2009**

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CALL TO ORDER	<p>5:08 pm Quorum comprised: Directors Bassett, Greer, Kaufman, Kleiter, Krider, Larson, Rivera</p> <p>Also present: Michael Covert, Bob Hemker, David Tam, M.D., Lori Shoemaker, Gerald Bracht, Mike Shanahan</p>		
NOTICE OF MEETING	Notice of Meeting was mailed consistent with legal requirements		
PUBLIC COMMENTS	None		
FACILITIES MASTER PLAN UPDATE – INCLUDING CONSTRUCTION COSTS <i>Presenter: David Tam, MD</i>	<p>An update was given by David Tam, M.D. on the facilities master plan. The construction costs were summarized and the variances were explained for the PMC-West project. Possible courses of action for reducing the costs was presented and discussed.</p> <p>An update on the Pomerado Hospital construction and costs was also given.</p> <p>The presentation concluded with four potential courses of action to consider. 1. Consider moving forward with VE items. 2. Outsourcing of the Central Plant 3. Consider delaying the construction of the Pomerado Tower and 4. Finalize the DPR contract with incentives for savings and schedule goals.</p> <p>The Board discussed the presentation at this point.</p> <ul style="list-style-type: none"> • Director Kleiter suggested creating a task force or BD sub-committee comprised of members from the finance, facilities/grounds and strategic planning committees. • Chairman Krider asked that the whole Board be involved instead of a sub-committee with Ted as chair. • Director Bassett agreed that the whole Board should have the opportunity to be involved in those meetings. Director Bassett emphasized that saving money now on certain items needed to be evaluated so that they would not end up costing more in upkeep later. • Director Rivera agreed but does not want to delay meetings because the whole Board cannot attend. Director Rivera clarified that PPH was still on 		PowerPoint presentation is available for review on the Leadership drive.

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>schedule, PMC-West was still a priority, it was appropriate to re-evaluate other projects and that the Board needed to maintain discipline in regards to budget.</p> <ul style="list-style-type: none"> • Director Larson wanted the Board to take an expansive look at how PPH is serving the community outside of the list provided in the presentation. A list of potential opportunities is much broader than that provided. • Director Kaufman clarified that the presentation was to show what PPH had to do to get back to the original \$983million budget. 		
<p>UPDATE ON FINANCIAL AND CAPITAL PLAN – INCLUDING UPDATE ON PLAN OF FINANCE <i>Presenter: Bob Hemker, CFO</i></p>	<p>An update was provided by Bob Hemker on the financial and capital plans. A summary was provided to show capital expenditures for 2008 through 2018. The expenditures included both expansion and replacement projects as well as routine and strategic expenditures. PPH’s credit position was discussed and observations and challenges were highlighted. Critical capital, fundraising and borrowing assumptions were also discussed.</p> <p>A review of PPH’s capital position analysis was presented and it identified the cashflow that would be required. Key ratios were summarized for debt service coverage, days cash on hand, EBIDA margin and cash to debt.</p> <p>A review of the PPH finance plan showed the planned issuance of bonds and highlighted general obligation financing events through March of 2009. An overview was provided of the PPH interest rate swap and showed where the market had been during that time.</p> <p>A representative from Kaufman Hall presented an overview of the capital markets from the time period of 2007-2008 and how it affected PPH. The market’s implications for all of the healthcare industry was highlighted.</p> <p>The presentation concluded with Kaufman Hall’s observations on PPH’s financial and capital plans.</p> <p>Bob Hemker put before the Board several items from the presentation for approval. Mr. Hemker proposed approval of the financial and capital plans including the plan of finance. The second item present for approval was issuance of the 2009 G.O. Bonds in the first quarter of calendar year 2009 pursuant to plan of finance. The third item brought for approval was a continuation of monitoring the 2006 ARS and the possible restructuring to a fixed rate instrument based on the fiscal impact and market conditions. The final item requesting approval was the solicitation, identification and recommendation of a co-banker solution to provide enhanced market access for issuance of G.O. and Revenue bonds.</p>	<p>MOTION: By Kleiter, 2nd by Bassett to approve all four items as presented and carried to approval.</p> <p>All in favor. None opposed.</p>	<p>PowerPoint presentation is available for review on the Leadership drive.</p>

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	At this point the Board discussed the presentation.		
BOARD COMMENTS			
ADJOURNMENT		MOTION: by Krider to adjourn at 7:40 p.m.	
SIGNATURES <ul style="list-style-type: none"> ▪ Board Secretary ▪ Board Assistant 	<hr style="width: 200px; margin-left: 0;"/> Nancy Bassett, R.N., M.B.A. <hr style="width: 200px; margin-left: 0;"/> Nicole Dennis		

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

12/01/08	TO	12/31/08	ACCOUNTS PAYABLE INVOICES	\$45,172,399
12/12/08	TO	12/26/08	NET PAYROLL	<u>\$10,752,277</u>
				\$55,924,677

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, D. Tam

December 2008 Disbursements					
Date	TPA 8318	A/P 3593	P/R 3616	DailyTotal	
1-Dec	84,037	5,183,216	217,931	5,485,184	
2-Dec	122,442	2,984,131	136,927	3,243,500	
3-Dec	18,566	899,097	69,485	987,148	
4-Dec	347	1,113,960	84,596	1,198,903	
5-Dec	3,285	893,906	32,510	929,701	
6-Dec					
7-Dec					
8-Dec	128,625	3,070,425	37,605	3,236,655	
9-Dec	81,088	1,445,818	15,445	1,542,350	
10-Dec	78,108	1,288,158	13,458	1,379,724	
11-Dec	493	3,162,001	18,237	3,180,731	
12-Dec	4,451	1,964,287	4,554,142	6,522,880	
13-Dec					
14-Dec					
15-Dec	94,172	3,050,686	295,673	3,440,530	
16-Dec	24,545	925,569	66,590	1,016,703	
17-Dec	1,464	1,818,356	73,901	1,893,721	
18-Dec	10,618	323,053	22,463	356,135	
19-Dec	-	944,749	30,932	975,682	
20-Dec					
21-Dec					
22-Dec	153,435	3,135,691	26,200	3,315,327	
23-Dec	269,171	2,393,682	9,972	2,672,826	
24-Dec	12,687	3,123,561	12,947	3,149,195	
25-Dec	-	-	-	-	
26-Dec	17,708	755,910	4,607,504	5,381,122	
27-Dec					
28-Dec					
29-Dec	51,792	2,293,805	183,011	2,528,608	
30-Dec	108,950	1,833,690	191,542	2,134,182	
31-Dec	32,545	2,568,646	51,204	2,652,395	
	32,545	2,568,646	51,204	2,652,395	
12/1-12/31	1,298,525	45,172,399	10,752,277	57,223,202	
11/1-11/30	937,530	35,112,161	10,518,012	46,567,703	

December 2008 & YTD FY2009 Financial Report

TO: Board of Directors

MEETING DATE: Monday, February 9, 2009

FROM: Board Finance Committee
Tuesday, January 27, 2009

BY: Robert Hemker, CFO

Background: The Board Financial Reports (unaudited) for December 2008 and YTD FY2009 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 December 2008 and YTD FY2009.

Motion: X

Individual Action:

Information:

Required Time:

Financial Statements

December 2009

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

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FISCAL YEAR 2009
Balanced Scorecard
Financial Indicators

September		October		November		December		% Actual to Budget		YTD 2009			% Actual to Budget
Actual	Actual	Actual	Actual	Budget	Variance	Actual	Budget			Variance	Budget		
PPH Indicators:													
	9.4%	10.0%	10.5%	10.8%	10.6%	0.2%	101.9%		OEBITDA Margin w/Prop Tax	10.4%	10.1%	0.3%	103.0%
\$	11,124.08	\$ 10,988.88	\$ 11,156.83	\$ 11,509.66	\$ 10,693.67	\$ (815.99)	107.6%		Expenses/Adj Discharge	\$ 10,847.39	\$ 10,739.15	\$ (108.24)	101.0%
\$	6,469.98	\$ 6,412.67	\$ 6,720.09	\$ 6,656.36	\$ 6,382.48	\$ (273.88)	104.3%		SWB/Adj Discharge	\$ 6,422.51	\$ 6,421.59	\$ (0.92)	100.0%
	6.50	6.59	6.73	6.21	6.55	0.34	94.8%		Prod FTE's/Adj Occupied Bed	6.45	6.60	0.15	97.7%
	3,293	3,416	3,231	3,209	3,393	(184)	94.6%		Adjusted Discharges	20,231	20,155	76	100.4%
PPH North Indicators:													
	13.9%	7.1%	12.7%	10.1%	11.7%	(1.6%)	86.3%		OEBITDA Margin w/Prop Tax	10.7%	11.1%	(0.4%)	96.4%
\$	10,465.47	\$ 10,352.15	\$ 10,311.92	\$ 10,661.99	\$ 9,907.68	\$ (754.31)	107.6%		Expenses/Adj Discharge	\$ 10,111.81	\$ 9,990.27	\$ (121.54)	101.2%
\$	5,376.98	\$ 5,306.92	\$ 5,250.89	\$ 5,439.63	\$ 5,185.79	\$ (253.84)	104.9%		SWB/Adj Discharge	\$ 5,212.70	\$ 5,251.82	\$ 39.12	99.3%
	5.42	5.36	5.61	5.25	5.31	0.06	98.9%		Prod FTE's/Adj Occupied Bed	5.34	5.39	0.05	99.1%
	2,359	2,492	2,361	2,287	2,452	(165)	93.3%		Adjusted Discharges	14,608	14,552	56	100.4%
PPH South Indicators:													
	(8.9%)	13.7%	2.3%	10.9%	6.7%	4.2%	162.7%		OEBITDA Margin w/Prop Tax	7.5%	6.4%	1.1%	117.2%
\$	12,015.57	\$ 11,372.33	\$ 12,470.69	\$ 11,365.04	\$ 11,691.66	\$ 326.62	97.2%		Expenses/Adj Discharge	\$ 11,507.17	\$ 11,630.66	\$ 123.49	98.9%
\$	5,611.61	\$ 5,716.60	\$ 6,189.88	\$ 5,839.96	\$ 6,016.64	\$ 176.68	97.1%		SWB/Adj Discharge	\$ 5,716.71	\$ 5,983.10	\$ 266.39	95.5%
	6.26	6.71	6.37	5.89	6.45	0.56	91.3%		Prod FTE's/Adj Occupied Bed	6.25	6.41	0.16	97.5%
	918	906	847	896	920	(24)	97.4%		Adjusted Discharges	5,498	5,481	17	100.3%

Financial Results
Executive Summary of Key Indicators

DECEMBER 2008
EXECUTIVE SUMMARY OF KEY INDICATORS

	DECEMBER 2008			FY 09 Y-T-D @ DECEMBER 2008			Moody Benchmark
	Actual	Budget	Variance	Actual	Budget	Variance	
<i>Statistics:</i>							
Acute Admissions	2,330	2,502	(172)	14,301	14,850	(549)	
Acute Patient Days	9,397	9,654	(257)	55,720	57,298	(1,578)	
Acute ALOS	4.11	3.86	0.25	3.87	3.86	0.01	
Case Mix Index (w/o Births)	1.44	1.40	0.04	1.39	1.40	(0.01)	
Total Surgeries	1,527	1,658	(131)	9,668	9,842	(174)	
Births	416	454	(38)	2,661	2,696	(35)	
E/R Visits & Admissions	7,426	7,698	(272)	44,479	45,690	(1,211)	
ER to Admit Rate	17.3%	16.5%	0.8%	17.4%	16.5%	0.9%	
Productivity %	97.7%	100%	(2.3%)	98.8%	100%	(1.2%)	
<i>Income Statement:</i>							
Net Patient Revenue	36,396,895	36,586,502	(189,607)	220,229,987	216,905,065	3,324,922	
Total Net Revenue	37,847,193	37,193,321	653,872	224,162,812	220,545,979	3,616,833	
Sal., Wages, Cont. Lbr	17,061,521	17,398,099	336,578	104,388,217	104,056,101	(332,116)	
Supplies	5,884,036	5,647,046	(236,990)	35,150,040	33,505,268	(1,644,772)	
Total Expenses	36,864,898	36,283,607	(581,291)	219,377,241	216,447,514	(2,929,727)	
Net Inc. (Loss) before Non-Op	982,295	909,714	72,581	4,785,571	4,098,465	687,106	
Net Income (Loss)	2,662,319	2,251,664	410,655	12,808,079	12,150,165	657,914	
<i>Cash Flow:</i>							
Cash Collections	32,300,000	36,000,000	(3,700,000)	196,700,000	216,000,000	(19,300,000)	
Days in A/R - Gross				59.9	52.4	7.5	
Days Cash on Hand				90.4	80.0	10.4	
<i>Ratios:</i>							
OEBITDA w/ Prop. Tax	10.8%	10.6%	0.2%	10.4%	10.1%	0.3%	
Net Income Margin	7.0%	6.1%	0.9%	5.7%	5.5%	0.2%	
Bad Debt % of Net Revenue	15.1%	10.1%	(5.0%)	14.6%	10.2%	(4.4%)	7.1%
Return On Assets				3.3%	3.1%	(0.2%)	4.3%
Annual Debt Service Coverage				3.2			4.4
Cushion Ratio				6.1			15.3

Financial Results

Executive Summary & Highlights

Statistics

	Nov	Dec	Nov vs Dec % Change	Dec Budget	Act vs Bud % Variance
CONSOLIDATED					
Patient Days Acute	8,802	9,397	6.8%	9,654	(2.7%)
Patient Days SNF	6,197	6,477	4.5%	6,452	0.4%
ADC Acute	293.41	303.12	3.3%	311.42	(2.7%)
ADC SNF	206.57	208.94	1.1%	208.13	0.4%
Surgeries CVS Cases	10	16	60.0%	13	23.1%
Surgeries Total	1,568	1,527	(2.6%)	1,658	(7.9%)
Number of Births	400	416	4.0%	454	(8.4%)
NORTH					
Patient Days Acute	6,440	6,848	6.3%	7,155	(4.3%)
Patient Days SNF	2,695	2,742	1.7%	2,639	3.9%
ADC Acute	214.68	220.90	2.9%	230.80	(4.3%)
ADC SNF	89.83	88.45	(1.5%)	85.13	3.9%
SOUTH					
Patient Days Acute	2,362	2,549	7.9%	2,499	2.0%
Patient Days SNF	3,502	3,735	6.7%	3,813	(2.0%)
ADC Acute	78.74	82.23	4.4%	80.61	2.0%
ADC SNF	116.73	120.48	3.2%	123.00	(2.0%)

Balance Sheet

Current Cash & Cash Equivalents increased \$13.9 million from \$87.6 million in November to \$101.5 million in December. Total Cash and Investments are \$102.4 million, compared to \$90.0 million at November. Days Cash on Hand went from 79.4 days in November to 90.4 days in December.

Net Accounts Receivable increased \$3.4 million from \$104.3 million in November to \$107.7 million in December. Gross A/R days increased from 55.0 days in November to 59.9 days in December.

December YTD collections including capitation are \$196.7 million compared to budget of \$216.0 million.

Construction in Progress increased \$33.0 million from \$277.3 million in November to \$310.3 million in December. The increase is attributed to Building Expansion A & E Services and construction costs of \$31.4 million, Cerner Optimization project \$0.4 million, POP Building tenant improvements \$0.2 million and Other \$1.0 million.

Income Statement

Gross Patient Revenue reflects a YTD favorable budget variance of \$26.0 million. The variance breakdown is as follows.

	North	South	Outreach	Total
Consolidated	16,410,807	9,582,505	13,126	26,006,438
Routine	(815,254)	(917,930)	-	(1,733,184)
IP Ancillary	(3,091,262)	5,782,669	-	2,691,407
OP	20,317,323	4,717,766	13,126	25,048,215

Deductions from Revenue reflect a YTD unfavorable budget variance of \$17.3 million. Total Deductions from Revenue is 71.82% of gross revenue compared to a budget of 71.29%.

Net Capitation reflects a YTD unfavorable budget variance of \$0.6 million. Cap Premium shows a favorable budget variance of \$4.7 million. This favorable variance is due to retro 2007 premium adjustments in July and August. Cap Valuation and Out of Network Claim Expense both show an unfavorable budget variance of \$2.2 million and \$3.1 million, respectively.

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

Income Statement (cont'd)

Salaries, Wages & Contract Labor has a YTD unfavorable budget variance of \$0.3 million. The breakdown is as follows:

	YTD Actual	YTD Budget	Variance
Consolidated	104,388,217	104,056,101	(332,116)
North	61,571,760	61,817,166	245,406
South	25,570,300	26,765,137	1,194,837
Central	13,610,368	12,366,972	(1,243,396)

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

Supplies Expense reflects a YTD unfavorable budget variance of \$1.6 million primarily due to Prosthesis expense.

Professional Fees & Purchased Services reflect a YTD unfavorable budget variance of \$0.03 million. The breakdown is Consulting Services – unfavorable \$0.15 million and Purchased Services favorable - \$0.12 million.

Non-Operating Income reflects a YTD unfavorable budget variance of \$0.03 million. This is due to an unfavorable investment income variance of \$0.13 million and an unfavorable budget variance in Other Non-Operating Income of \$0.05 million, offset by a favorable interest expense variance of \$0.15 million.

Ratios & Margins

All required Bond Covenant Ratios were achieved in December, 2008.

Financial Results
Executive Summary & Highlights

Stat	MTD	Budget	YTD	Budget	PY
Patient Days - Acute	9,397	9,654	55,720	57,298	56,376
Discharges - Acute	2,287	2,502	14,402	14,850	14,490
OP Registrations	4,114	4,119	24,989	24,446	22,833
ER Visits	6,144	6,427	36,735	38,148	36,281
Deliveries	416	454	2,661	2,696	2,809

Profit & Loss (in millions)	MTD	Budget	YTD	Budget	PY
Capitation	(0.2)	Break-even	(0.7)	(0.1)	0.6
Net Patient Revenue	36.4	36.6	220.0	217.0	208.0
Total Revenue	37.8	37.2	224.2	220.5	212.7
SWB	20.7	21.3	125.4	127.3	124.3
Contract Labor	0.7	0.4	4.6	2.2	5.5
Supplies	5.9	5.6	35.2	33.5	32.2
Total Expense	36.9	36.3	219.4	216.4	215.9
Net Income from Ops	1.0	0.9	4.8	4.1	(3.1)
Net Income	2.7	2.3	12.8	12.2	6.4

Key Variance Explanations

Month-To-Date

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
Net Income From Operations	982,295	909,714		72,581
Total Net Revenue				(189,607)
Net Patient Revenue			(189,607)	
Other Operating Revenue				843,479
Weight Solutions - contra to Supplies			(60,309)	
PPNC Health Development and Research Institute			(34,801)	
Revenue Cycle Management			1,000,000	
Other			(61,411)	
Salaries & Wages				664,595
Volume Variance			923,628	
Rate & Efficiency (Nursing & Non-Nursing)			(259,033)	
Benefits				(41,077)
Group Health Insurance (includes accrual for HealthNet Risk Sharing)			(296,033)	
State Unemployment Insurance			(56,352)	
FICA			88,557	
Pension			208,217	
Other			14,534	
Contract Labor				(328,017)
Volume Variance			19,859	
Rate & Efficiency (Nursing & Non-Nursing)			(347,876)	

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

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
Professional Fees				(175,007)
Physician Recruitment			(184,445)	
Consulting Services (Rule 4 Consulting - \$37K; Other \$3K)			(40,020)	
Pom ER (Neighborhood Healthcare -\$23K; Other \$16K)			(38,860)	
Other			88,318	
Supplies				(236,990)
Volume Variance			306,235	
Rate & Efficiency			(543,225)	
Prosthesis	(409,732)			
Pharmaceutical	146,379			
Weight Solutions - contra to Other Rev	31,347			
Other	(4,984)			
Purchased Services				(182,996)
Medi-Cal eligiblity services			(194,820)	
Wound Care - contra to reduced revenue			34,885	
Other			(23,061)	
Depreciation				(76,783)
Depreciation			(76,783)	
Other Direct Expenses				(205,016)
Radiosurgery - contra to revenue			(94,500)	
Registrar of Voters - General Election			(232,514)	
Other			121,998	
Total Actual to Budget MTD Variance for December 2008			72,581	72,581

Key Variance Explanations

Month-To-Date (cont'd)

Non-Operating Income (Expense)	1,680,024	1,341,950	338,074
Property Tax	1,166,666	1,166,666	0
Investment Income (Loss)	1,075,223	548,526	526,697
Salomon Brothers (Corp Bonds-Treasuries)	673,070		
Pacific Income Advisers	465,357		
Other	(63,204)		
Interest Expense	602,397	488,038	(114,359)
Other	40,532	114,796	(74,264)
Net Income	<u>2,662,319</u>	<u>2,251,664</u>	<u>410,655</u>

Key Variance Explanations

Year-To-Date

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
Net Income From Operations	4,785,571	4,098,465		687,106
Total Net Revenue				3,324,921
Net Patient Revenue			3,324,921	
Other Operating Revenue				291,911
Weight Solutions - contra to Supplies			(361,854)	
PPNC Health Development and Research Institute			(218,806)	
Revenue Cycle Management			1,000,000	
Other			(127,429)	
Salaries & Wages				2,098,510
Volume Variance			(384,175)	
Rate & Efficiency (Nursing & Non-Nursing)			2,482,685	
Benefits				(174,458)
Group Health Insurance			(198,920)	
State Unemployment Insurance			(144,520)	
Work Comp Insurance			(110,274)	
Pension			237,504	
Other			41,752	
Contract Labor				(2,430,626)
Volume Variance			(8,198)	
Rate & Efficiency (Nursing & Non-Nursing)			(2,422,428)	

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

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
Professional Fees				(153,423)
Consulting Services (Rule 4 Consulting - \$213K; Other \$-41K)			(171,690)	
Pom ER Physician Fees			(135,013)	
Foundation Consulting			137,549	
Other			15,730	
Supplies				(1,644,772)
Volume Variance			(126,341)	
Rate & Efficiency			(1,518,431)	
Prosthesis	(1,988,918)			
Weight Solutions - contra to Other Rev	180,060			
Other	164,086			
Purchased Services				127,538
Medi-Cal eligibility services			(180,892)	
Repairs & Maintenance (xray tube \$-123K)			(24,969)	
Wound Care - contra to reduced revenue			267,240	
Other			66,159	
Depreciation				(282,703)
Depreciation			(282,703)	
Other Direct Expenses				(469,793)
Radiosurgery - contra to revenue			(517,520)	
Marketing FY08 invoice			(122,835)	
Governing Board (General Election \$-232K)			(175,136)	
Insurance - Liability			331,532	
Other			14,166	
Total Actual to Budget YTD Variance for December 2008			687,105	687,105

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

Non-Operating Income (Expense)	8,022,508	8,051,700	(29,192)
Property Tax	6,999,996	6,999,996	0
Investment Income (Loss)	3,159,426	3,291,156	(131,730)
Salomon Brothers (Corp Bonds-Treasuries)	1,318,883		
Pacific Income Advisers	1,439,194		
Other	401,349		
Interest Expense	2,774,119	2,928,228	154,109
Other	637,205	688,776	(51,571)
Net Income	<u>12,808,079</u>	<u>12,150,165</u>	<u>657,914</u>

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

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Ootpatient Revenue	203,941,639	178,893,423	25,048,216
Escondido Surgery Center			8,203,314
Emergency Room			3,418,466
Cat Scanner			2,855,024
Labor Delivery Recovery			2,442,447
Surgery Patient Supply			1,467,909
Laboratory Clinical			1,291,090
Telemetry			1,241,951
Cath Lab Supply			1,094,227
Cardiology Services			1,058,101
Other			1,975,687
Total Actual to Budget YTD Variance for December 2008			25,048,216
			25,048,216

**Balance Sheet
Consolidated**

	Current Month	Prior Month	Prior Fiscal Year End
Assets			
Current Assets			
Cash on Hand	\$18,821,741	\$3,634,250	\$12,578,422
Cash Marketable Securities	82,662,942	83,996,500	73,699,656
Total Cash & Cash Equivalents	101,484,683	87,630,750	86,278,078
Patient Accounts Receivable	256,277,509	235,592,716	173,630,766
Allowance on Accounts	(148,608,418)	(131,335,109)	(87,408,726)
Net Accounts Receivable	107,669,091	104,257,607	86,222,040
Inventories	6,766,080	6,754,615	6,826,298
Prepaid Expenses	5,504,025	5,294,058	3,790,644
Other	13,987,395	22,244,086	5,722,105
Total Current Assets	235,411,274	226,181,116	188,839,165
Non-Current Assets			
Restricted Assets	240,721,627	269,692,673	343,067,128
Restricted by Donor	308,056	308,056	303,600
Board Designated	610,153	2,101,250	12,117,325
Total Restricted Assets	241,639,836	272,101,979	355,488,053
Property Plant & Equipment	376,181,029	377,224,500	387,410,913
Accumulated Depreciation	(225,309,501)	(224,694,455)	(226,979,355)
Construction in Process	310,305,046	277,315,307	218,854,882
Net Property Plant & Equipment	461,176,574	429,845,352	379,286,440
Investment in Related Companies	5,580,025	2,869,564	3,109,523
Deferred Financing Costs	15,524,872	15,572,100	15,644,785
Other Non-Current Assets	6,105,786	6,087,879	5,956,094
Total Non-Current Assets	730,027,093	726,476,874	759,484,895
Total Assets	\$965,438,367	\$952,657,990	\$948,324,060

	Current Month	Prior Month	Prior Fiscal Year End
Liabilities			
Current Liabilities			
Accounts Payable	\$34,255,602	\$28,802,944	\$44,500,881
Accrued Payroll	14,132,960	14,071,013	12,139,225
Accrued PTO	14,127,170	14,250,995	13,977,901
Accrued Interest Payable	9,097,999	7,545,764	8,065,133
Current Portion of Bonds	9,780,000	9,780,000	9,660,000
Est Third Party Settlements	2,680,738	2,633,735	807,165
Other Current Liabilities	29,112,989	26,978,716	15,815,317
Total Current Liabilities	113,187,458	104,063,167	104,965,622
Long Term Liabilities			
Bonds & Contracts Payable	528,164,758	528,170,491	537,979,367
General Fund Balance			
Unrestricted	323,167,942	318,015,026	292,958,146
Restricted for Other Purpose	308,056	308,056	303,600
Board Designated	610,153	2,101,250	12,117,325
Total Fund Balance	324,086,151	320,424,332	305,379,071
Total Liabilities / Fund Balance	\$965,438,367	\$952,657,990	\$948,324,060

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

	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Statistics:							
Admissions - Acute	2540	2,454	2,367	2,357	2,253	2,330	14,301
Admissions - SNF	95	107	101	87	73	82	545
Patient Days - Acute	9587	9,491	9,098	9,345	8,802	9,397	55,720
Patient Days - SNF	6572	6,497	6,313	6,570	6,197	6,477	38,626
LOS - Acute	3.74	3.81	3.87	3.85	3.85	4.11	3.87
LOS - SNF	67.75	60.16	67.88	69.16	78.44	84.12	70.36
Adjusted Discharges	3,600	3,481	3,293	3,416	3,231	3,209	20,231
Revenue:							
Gross Revenue	\$ 131,046,951	\$ 131,438,267	\$ 127,873,677	\$ 135,991,410	\$ 122,619,993	\$ 132,503,423	\$ 781,473,718
Deductions from Rev	(94,593,925)	(94,598,259)	(91,280,996)	(98,599,181)	(86,064,844)	(96,106,528)	(561,243,731)
Net Patient Revenue	36,453,026	36,840,008	36,592,681	37,392,229	36,555,149	36,396,895	220,229,987
Other Oper Revenue	481,361	331,016	518,420	850,901	300,829	1,450,298	3,932,825
Total Net Revenue	36,934,387	37,171,024	37,111,101	38,243,130	36,855,978	37,847,193	224,162,812
Expenses:							
Salaries, Wages & Contr Labor	17,547,177	17,429,247	17,159,435	17,718,059	17,472,778	17,061,521	104,388,217
Benefits	4,496,086	4,177,042	4,146,197	4,187,628	4,239,835	4,298,735	25,545,523
Supplies	5,536,898	5,656,890	5,963,822	6,439,529	5,668,865	5,884,036	35,150,040
Prof Fees & Purch Svc	4,597,010	4,825,802	5,138,315	5,033,215	4,364,132	5,276,227	29,234,702
Depreciation	1,915,873	1,905,155	1,841,193	1,956,220	1,908,874	1,941,062	11,468,377
Other	1,975,226	2,233,503	2,382,627	2,203,375	2,392,334	2,403,317	13,590,382
Total Expenses	36,068,270	36,227,639	36,631,589	37,538,026	36,046,818	36,864,898	219,377,241
Net Inc Before Non-Oper Income	866,117	943,385	479,512	705,104	809,160	982,295	4,785,571
Property Tax Revenue	1,166,666	1,166,666	1,166,666	1,166,666	1,166,666	1,166,666	6,999,996
Non-Operating Income	69,375	147,884	(614,405)	75,236	831,064	513,358	1,022,512
Net Income (Loss)	\$ 2,102,158	\$ 2,257,935	\$ 1,031,773	\$ 1,947,006	\$ 2,806,890	\$ 2,662,319	\$ 12,808,079
Net Income Margin	5.7%	6.1%	2.8%	5.1%	7.6%	7.0%	5.7%
OEBITDA Margin w/o Prop Tax	7.5%	7.7%	6.3%	7.0%	7.4%	7.7%	7.3%
OEBITDA Margin with Prop Tax	10.7%	10.8%	9.4%	10.0%	10.5%	10.8%	10.4%

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

				Variance		\$/Adjusted Discharges		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	14,301	14,850	(549)					
Admissions - SNF	545	538	7					
Patient Days - Acute	55,720	57,298	(1,578)					
Patient Days - SNF	38,626	38,296	330					
ALOS - Acute	3.87	3.86	0.01					
ALOS - SNF	70.36	71.98	(1.62)					
Adjusted Discharges	20,231	20,155	76					
Revenue:								
Gross Revenue	\$ 781,473,718	\$ 755,467,280	\$ 26,006,438 F	\$ 2,848,698	\$ 23,157,740	\$ 38,627.54	\$ 37,482.87	\$ 1,144.67
Deductions from Rev	(561,243,731)	(538,562,215)	(22,681,516) U	(2,030,798)	(20,650,718)	(27,741.77)	(26,721.02)	(1,020.75)
Net Patient Revenue	220,229,987	216,905,065	3,324,922 F	817,901	2,507,021	10,885.77	10,761.85	123.92
Other Oper Revenue	3,932,825	3,640,914	291,911 F	13,729	278,182	194.40	180.65	13.75
Total Net Revenue	224,162,812	220,545,979	3,616,833 F	831,630	2,785,203	11,080.16	10,942.49	137.67
Expenses:								
Salaries, Wages & Contr Labor	104,388,217	104,056,101	(332,116) U	(392,372)	60,256	5,159.81	5,162.79	2.98
Benefits	25,545,523	25,371,065	(174,458) U	(95,669)	(78,789)	1,262.69	1,258.80	(3.89)
Supplies	35,150,040	33,505,268	(1,644,772) U	(126,341)	(1,518,431)	1,737.43	1,662.38	(75.05)
Prof Fees & Purch Svc	29,234,702	29,208,817	(25,885) U	(110,140)	84,255	1,445.04	1,449.21	4.16
Depreciation	11,468,377	11,185,674	(282,703) U	(42,179)	(240,524)	566.87	554.98	(11.89)
Other	13,590,382	13,120,590	(469,792) U	(49,475)	(420,317)	671.76	650.98	(20.78)
Total Expenses	219,377,241	216,447,514	(2,929,727) U	(816,175)	(2,113,552)	10,843.62	10,739.15	(104.47)
Net Inc Before Non-Oper Income	4,785,571	4,098,465	687,106 F	15,454	671,652	236.55	203.35	33.20
Property Tax Revenue	6,999,996	6,999,996	- -	26,395	(26,395)	346.00	347.31	(1.30)
Non-Operating Income	1,022,512	1,051,704	(29,192) U	3,966	(33,158)	50.54	52.18	(1.64)
Net Income (Loss)	\$ 12,808,079	\$ 12,150,165	\$ 657,914 F	\$ 45,816	\$ 612,098	\$ 633.09	\$ 602.84	\$ 30.26
Net Income Margin	5.7%	5.5%	0.2%					
OEBITDA Margin w/o Prop Tax	7.3%	6.9%	0.4%					
OEBITDA Margin with Prop Tax	10.4%	10.1%	0.3%					

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
Statistics:								
Admissions - Acute	2,330	2,502	(172)					
Admissions - SNF	82	89	(7)					
Patient Days - Acute	9,397	9,654	(257)					
Patient Days - SNF	6,477	6,452	25					
ALOS - Acute	4.11	3.86	0.25					
ALOS - SNF	84.12	73.32	10.80					
Adjusted Discharges	3,209	3,393	(184)					
Revenue:								
Gross Revenue	\$ 132,503,423	\$ 127,379,385	\$ 5,124,038 F	\$ (6,907,694)	\$ 12,031,732	\$41,291.19	\$ 37,541.82	\$ 3,749.37
Deductions from Rev	(96,106,528)	(90,792,883)	(5,313,645) U	4,923,634	(10,237,279)	(29,949.06)	(26,758.88)	(3,190.18)
Net Patient Revenue	36,396,895	36,586,502	(189,607) U	(1,984,060)	1,794,453	11,342.13	10,782.94	559.19
Other Oper Revenue	1,450,298	606,819	843,479 F	(32,907)	876,386	451.95	178.84	273.10
Total Net Revenue	37,847,193	37,193,321	653,872 F	(2,016,968)	2,670,840	11,794.08	10,961.78	832.30
Expenses:								
Salaries, Wages & Contr Labor	17,061,521	17,398,099	336,578 F	943,487	(606,909)	5,316.77	5,127.64	(189.13)
Benefits	4,298,735	4,257,658	(41,077) U	230,890	(271,967)	1,339.59	1,254.84	(84.75)
Supplies	5,884,036	5,647,046	(236,990) U	306,235	(543,225)	1,833.60	1,664.32	(169.28)
Prof Fees & Purch Svc	5,276,227	4,918,224	(358,003) U	266,712	(624,715)	1,644.20	1,449.52	(194.68)
Depreciation	1,941,062	1,864,279	(76,783) U	101,099	(177,882)	604.88	549.45	(55.43)
Other	2,403,317	2,198,302	(205,015) U	119,212	(324,227)	748.93	647.89	(101.04)
Total Expenses	36,864,898	36,283,607	(581,291) U	1,967,634	(2,548,925)	11,487.97	10,693.67	(794.31)
Net Inc Before Non-Oper Income	982,295	909,714	72,581 F	(49,333)	121,914	306.11	268.11	37.99
Property Tax Revenue	1,166,666	1,166,666	- -	(63,267)	63,267	363.56	343.84	19.72
Non-Operating Income	513,358	175,284	338,074 F	(9,506)	347,580	159.97	51.66	108.31
Net Income (Loss)	\$ 2,662,319	\$ 2,251,664	\$ 410,655 F	\$ (122,106)	\$ 532,761	\$ 829.64	\$ 663.62	\$ 166.02
Net Income Margin	7.0%	6.1%	0.9%					
OEBITDA Margin w/o Prop Tax	7.7%	7.5%	0.2%					
OEBITDA Margin with Prop Tax	10.8%	10.6%	0.2%					

F= Favorable variance
U= Unfavorable variance

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

	Dec 08 YTD	Dec 07 YTD	Variance	Variance		\$/Adjusted Discharges			
				Volume	Rate/Eff	Actual	Budget	Variance	
Statistics:									
Admissions - Acute	14,301	14,465	(164)						
Admissions - SNF	545	534	11						
Patient Days - Acute	55,720	56,376	(656)						
Patient Days - SNF	38,626	38,311	315						
ALOS - Acute	3.87	3.89	(0.02)						
ALOS - SNF	70.36	73.11	(2.75)						
Adjusted Discharges	20,231	19,822	409						
Revenue:									
Gross Revenue	\$ 781,473,718	\$ 692,195,258	\$ 89,278,460 F	\$ 14,282,507	\$ 74,995,953	\$ 38,627.54	\$ 34,920.56	\$ 3,706.98	
Deductions from Rev	(561,243,731)	(484,201,483)	(77,042,248) U	(9,990,839)	(67,051,409)	(27,741.77)	(24,427.48)	(3,314.29)	
Net Patient Revenue	220,229,987	207,993,775	12,236,212 F	4,291,669	7,944,543	10,885.77	10,493.08	392.69	
Other Oper Revenue	3,932,825	4,755,539	(822,714) U	98,124	(920,838)	194.40	239.91	(45.52)	
Total Net Revenue	224,162,812	212,749,314	11,413,498 F	4,389,793	7,023,705	11,080.16	10,732.99	347.18	
Expenses:									
Salaries, Wages & Contr Labor	104,388,217	103,791,225	(596,992) U	(2,141,591)	1,544,599	5,159.81	5,236.16	76.35	
Benefits	25,545,523	25,984,209	438,686 F	(536,149)	974,835	1,262.69	1,310.88	48.19	
Supplies	35,150,040	32,186,175	(2,963,865) U	(664,118)	(2,299,747)	1,737.43	1,623.76	(113.67)	
Prof Fees & Purch Svc	29,234,702	30,903,260	1,668,558 F	(637,647)	2,306,205	1,445.04	1,559.04	113.99	
Depreciation	11,468,377	10,981,206	(487,171) U	(226,582)	(260,589)	566.87	553.99	(12.88)	
Other	13,590,382	12,044,505	(1,545,877) U	(248,522)	(1,297,355)	671.76	607.63	(64.13)	
Total Expenses	219,377,241	215,890,580	(3,486,661) U	(4,454,608)	967,947	10,843.62	10,891.46	47.84	
Net Inc Before Non-Oper Income	4,785,571	(3,141,266)	7,926,837 F	(64,816)	7,991,653	236.55	(158.47)	395.02	
Property Tax Revenue	6,999,996	6,750,000	249,996 F	139,277	110,719	346.00	340.53	5.47	
Non-Operating Income	1,022,512	2,814,406	(1,791,894) U	58,071	(1,849,965)	50.54	141.98	(91.44)	
Net Income (Loss)	\$ 12,808,079	\$ 6,423,140	\$ 6,384,939 F	\$ 132,533	\$ 6,252,406	\$ 633.09	\$ 324.04	\$ 309.05	
Net Income Margin	5.7%	3.0%	2.7%						
OEBITDA Margin w/o Prop Tax	7.3%	3.7%	3.6%						
OEBITDA Margin with Prop Tax	10.4%	6.9%	3.5%						

F= Favorable variance
U= Unfavorable variance

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

				Variance		\$/Adjusted Discharges		
	6 Act + 6 Bud	FY 09 Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	28,905	29,454	(549)					
Admissions - SNF	1,061	1,054	7					
Patient Days - Acute	112,078	113,656	(1,578)					
Patient Days - SNF	76,327	75,997	330					
Adjusted Discharges	40,027	39,951	76					
Revenue:								
Gross Revenue	\$ 1,525,238,391	\$ 1,499,231,953	\$ 26,006,438 F	\$ 2,852,034	\$ 23,154,404	\$ 38,105.24	\$ 37,526.77	\$ 578.47
Deductions from Rev	(1,091,272,846)	(1,068,591,330)	(22,681,516) U	(2,032,814)	(20,648,702)	(27,263.42)	(26,747.55)	(515.87)
Net Patient Revenue	433,965,545	430,640,623	3,324,922 F	819,221	2,505,701	10,841.82	10,779.22	62.60
Other Oper Revenue	7,803,739	7,511,828	291,911 F	14,290	277,621	194.96	188.03	6.94
Total Net Revenue	441,769,284	438,152,451	3,616,833 F	833,511	2,783,322	11,036.78	10,967.25	69.54
Expenses:								
Salaries, Wages & Contr Labor	206,427,161	206,095,045	(332,116) U	(392,061)	59,945	5,157.20	5,158.70	1.50
Benefits	50,458,141	50,283,683	(174,458) U	(95,656)	(78,802)	1,260.60	1,258.63	(1.97)
Supplies	68,140,555	66,495,783	(1,644,772) U	(126,497)	(1,518,275)	1,702.36	1,664.43	(37.93)
Prof Fees & Purch Svc	57,667,458	57,641,573	(25,885) U	(109,653)	83,768	1,440.71	1,442.81	2.09
Depreciation	22,707,265	22,424,562	(282,703) U	(42,659)	(240,044)	567.30	561.30	(6.00)
Other	26,691,732	26,221,940	(469,792) U	(49,883)	(419,909)	666.84	656.35	(10.49)
Total Expenses	432,092,312	429,162,585	(2,929,727) U	(816,409)	(2,113,318)	10,795.02	10,742.22	(52.80)
Net Inc Before Non-Oper Income	9,676,972	8,989,866	687,106 F	17,102	670,004	241.76	225.02	16.74
Property Tax Revenue	13,999,992	13,999,992	- -	26,633	(26,633)	349.76	350.43	(0.67)
Non-Operating Income	2,074,216	2,103,408	(29,192) U	4,001	(33,193)	51.82	52.65	(0.83)
Net Income (Loss)	\$ 25,751,180	\$ 25,093,266	\$ 657,914 F	\$ 47,736	\$ 610,178	\$ 643.35	\$ 628.10	\$ 15.24
Net Income Margin	5.8%	5.7%	0.1%					
OEBITDA Margin w/o Prop Tax	7.3%	7.2%	0.1%					
OEBITDA Margin with Prop Tax	10.5%	10.4%	0.1%					

F= Favorable variance
 U= Unfavorable variance

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

<u>Fiscal Year 2009</u>	<u>December</u>	<u>YTD</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss) from operations	982,295	4,785,572
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	1,941,062	11,468,377
Provision for bad debts	5,502,096	32,088,541
Changes in operating assets and liabilities:		
Patient accounts receivable	(8,913,581)	(53,535,592)
Property Tax and other receivables	(774,954)	(20,090,633)
Inventories	(11,465)	60,218
Prepaid expenses and Other Non-Current assets	(2,920,428)	(4,183,883)
Accounts payable	5,452,658	(10,245,279)
Accrued compensation	(61,878)	2,143,004
Estimated settlement amounts due third-party payors	47,003	1,873,573
Other current liabilities	<u>1,366,301</u>	<u>23,363,027</u>
Net cash provided by operating activities	2,609,109	(12,273,074)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales of investments	33,026,494	104,884,931
Income (Loss) on investments	1,075,223	3,159,425
Investment in affiliates	<u>69,632</u>	<u>618,525</u>
Net cash used in investing activities	34,171,349	108,662,881
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipt of G.O. Bond Taxes	4,147,711	5,083,817
Receipt of District Taxes	<u>4,797,176</u>	<u>5,971,510</u>
Net cash used in non-capital financing activities	8,944,887	11,055,328
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property plant and equipment	(30,585,082)	(83,393,545)
Proceeds from sale of asset	0	0
Deferred Financing Costs	47,228	119,913
G.O. Bond Interest paid	0	(7,037,392)
Revenue Bond Interest paid	0	(1,230,793)
Proceeds from issuance of debt	0	0
Payments of Long Term Debt	<u>0</u>	<u>(9,660,000)</u>
Net cash used in activities	<u>(30,537,854)</u>	<u>(101,201,817)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,187,491	6,243,319
CASH AND CASH EQUIVALENTS - Beginning of period	<u>3,634,250</u>	<u>12,578,422</u>
CASH AND CASH EQUIVALENTS - End of period	<u><u>18,821,741</u></u>	<u><u>18,821,741</u></u>

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

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2008</u>
<u>ADMISSIONS - Acute:</u>				
Palomar Medical Center	10,721	11,122	(401)	10,888
Pomerado Hospital	3,580	3,728	(148)	3,577
Total:	<u>14,301</u>	<u>14,850</u>	<u>(549)</u>	<u>14,465</u>
<u>ADMISSIONS - SNF:</u>				
Palomar Medical Center	212	250	(38)	250
Pomerado Hospital	333	288	45	284
Total:	<u>545</u>	<u>538</u>	<u>7</u>	<u>534</u>
<u>PATIENT DAYS - Acute:</u>				
Palomar Medical Center	41,204	42,466	(1,262)	41,895
Pomerado Hospital	14,516	14,832	(316)	14,481
Total:	<u>55,720</u>	<u>57,298</u>	<u>(1,578)</u>	<u>56,376</u>
<u>PATIENT DAYS- SNF:</u>				
Palomar Medical Center	16,366	15,664	702	15,664
Pomerado Hospital	22,260	22,632	(372)	22,647
Total:	<u>38,626</u>	<u>38,296</u>	<u>330</u>	<u>38,311</u>

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

EMERGENCY ROOM VISITS & TRAUMA CASES:

Palomar Medical Center	24,784	25,654	(870)	24,388
Pomerado Hospital	11,951	12,494	(543)	11,893
Total:	<u>36,735</u>	<u>38,148</u>	<u>(1,413)</u>	<u>36,281</u>

EMERGENCY & TRAUMA ADMISSIONS:

Palomar Medical Center	5,642	5,608	34	5,383
Pomerado Hospital	2,102	1,934	168	1,843
Total:	<u>7,744</u>	<u>7,542</u>	<u>202</u>	<u>7,226</u>

SURGERIES:

- Escondido Surgery Center started in Dec-07.

Palomar Medical Center	6,178	6,472	(294)	4,459
Pomerado Hospital	3,490	3,370	120	3,322
Total:	<u>9,668</u>	<u>9,842</u>	<u>(174)</u>	<u>7,781</u>

BIRTHS:

Palomar Medical Center	2,068	2,090	(22)	2,190
Pomerado Hospital	593	606	(13)	619
Total:	<u>2,661</u>	<u>2,696</u>	<u>(35)</u>	<u>2,809</u>

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

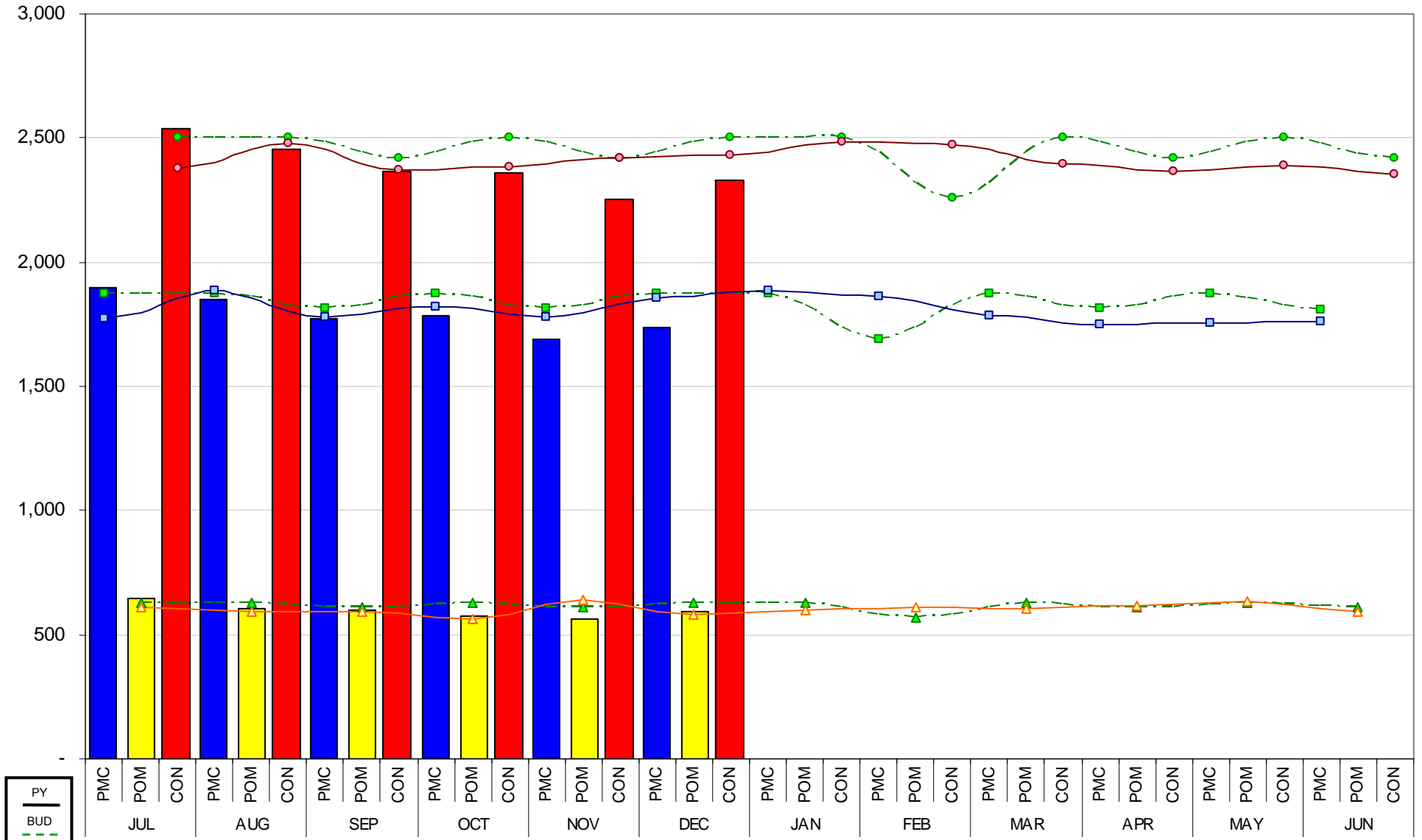
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2008</u>
<u>ADJUSTED DISCHARGES</u>				
Palomar Medical Center	14,608	14,552	56	14,095
Pomerado Hospital	5,498	5,481	17	5,294
Other Activities	125	122	3	433
Total:	<u>20,231</u>	<u>20,155</u>	<u>76</u>	<u>19,822</u>
<u>AVERAGE LENGTH OF STAY- Acute:</u>				
Palomar Medical Center	3.83	3.82	0.01	3.84
Pomerado Hospital	4.00	3.98	0.02	4.03
Total:	<u>3.87</u>	<u>3.86</u>	<u>0.01</u>	<u>3.89</u>
<u>AVERAGE LENGTH OF STAY - SNF:</u>				
Palomar Medical Center	77.93	64.20	13.73	64.46
Pomerado Hospital	65.66	78.58	(12.92)	80.59
Total:	<u>70.36</u>	<u>71.98</u>	<u>(1.62)</u>	<u>73.11</u>

Supplies Expense
Year-to-Date

Account	Description	Actual	Budget	Variance
631000	Prosthesis	9,276,350	7,287,432	(1,988,918)
641000	Supplies Other Medical	7,632,238	7,312,289	(319,949)
632000	Sutures/Surgical Needles	850,784	778,721	(72,063)
647000	Supplies Employee Apparel	135,344	74,708	(60,636)
648000	Instruments/Minor Equipment	221,954	191,730	(30,224)
642000	Supplies Food/Meat	301,626	274,170	(27,456)
634000	Supplies Surgery General	2,480,850	2,458,658	(22,192)
635000	Supplies Anesthesia Material	22,841	6,156	(16,685)
645000	Supplies Cleaning	223,158	209,088	(14,070)
644000	Supplies Linen	13,642	19,398	5,756
637000	Supplies IV Solutions	238,770	247,535	8,765
633000	Supplies Surgical Pack	972,506	986,574	14,068
640000	Supplies X-ray Material	(4,027)	13,742	17,769
643000	Supplies Food Other	1,312,762	1,332,372	19,610
638000	Supplies Pharmaceutical	6,715,026	6,736,247	21,221
636000	Supplies Oxygen/Gas	108,923	144,728	35,805
650000	Other Non Medical	3,420,000	3,470,780	50,780
646100	Supplies Forms	222,454	306,074	83,620
639000	Supplies Radioactive	300,857	403,834	102,977
646000	Supplies Office/Administration	387,685	631,006	243,321
649000	Other Minor Equipment	316,296	620,026	303,730
TOTAL		35,150,040	33,505,268	(1,644,772)

Cushion Ratio	Jun-07	Jun-08	Dec-08
Cash and Cash Equivalents	109,213,349	86,122,696	101,484,682
Board Designated Reserves	-	12,117,325	610,153
Trustee-held Funds (Revenue Fund only)	249,531	185,981	21,747
Total	109,462,880	98,426,002	102,116,582
Divided by:			
Annual Debt Service (excludes GO Bonds) (Bond Year 11/1/2009)	16,972,692	16,972,692	16,639,112
Cushion Ratio	6.4	5.8	6.1
REQUIREMENT	1.5	1.5	1.5
	Achieved	Achieved	Achieved
Days Cash on Hand	Jun-07	Jun-08	Dec-08
Cash and Cash Equivalents	109,213,349	86,122,696	101,484,682
Board Designated Reserves	-	12,117,325	610,153
Trustee-held Funds (Revenue Fund only)	249,531	185,981	21,747
Total	109,462,880	98,426,002	102,116,582
Divide Total by Average Adjusted Expenses per Day			
Total Expenses	385,355,509	428,153,444	219,377,241
Less: Depreciation	19,453,013	21,572,031	11,468,377
Adjusted Expenses	365,902,496	406,581,413	207,908,864
Number of days in period	365	366	184
Average Adjusted Expenses per Day	1,002,473	1,110,878	1,129,939
Days Cash on Hand	109.2	88.6	90.4
REQUIREMENT	80	80	80
	Achieved	Achieved	Achieved
Net Income Available for Debt Service	Jun-07	Jun-08	Dec-08
Excess of revenue over expenses Cur Mo.	2,963,446	(12,441,012)	2,662,319
Excess of revenues over expenses YTD (General Funds)	21,974,509	(4,053,517)	12,808,079
ADD:			
Depreciation and Amortization	19,453,013	21,391,200	11,468,377
Interest Expense	3,343,683	14,912,181	2,774,119
Net Income Available for Debt Service	44,771,205	32,249,864	27,050,575
<u>Aggregate Debt Service</u>			
1999 Insured Refunding Revenue Bonds	8,249,916	8,248,018	4,124,774
2006 Certificates of Participation	4,373,342	8,316,457	4,305,975
Aggregate Debt Service	12,623,258	16,564,475	8,430,749
Net Income Available for Debt Service	3.55	1.95	3.21
Required Coverage	1.15	1.15	1.15
	Achieved	Achieved	Achieved

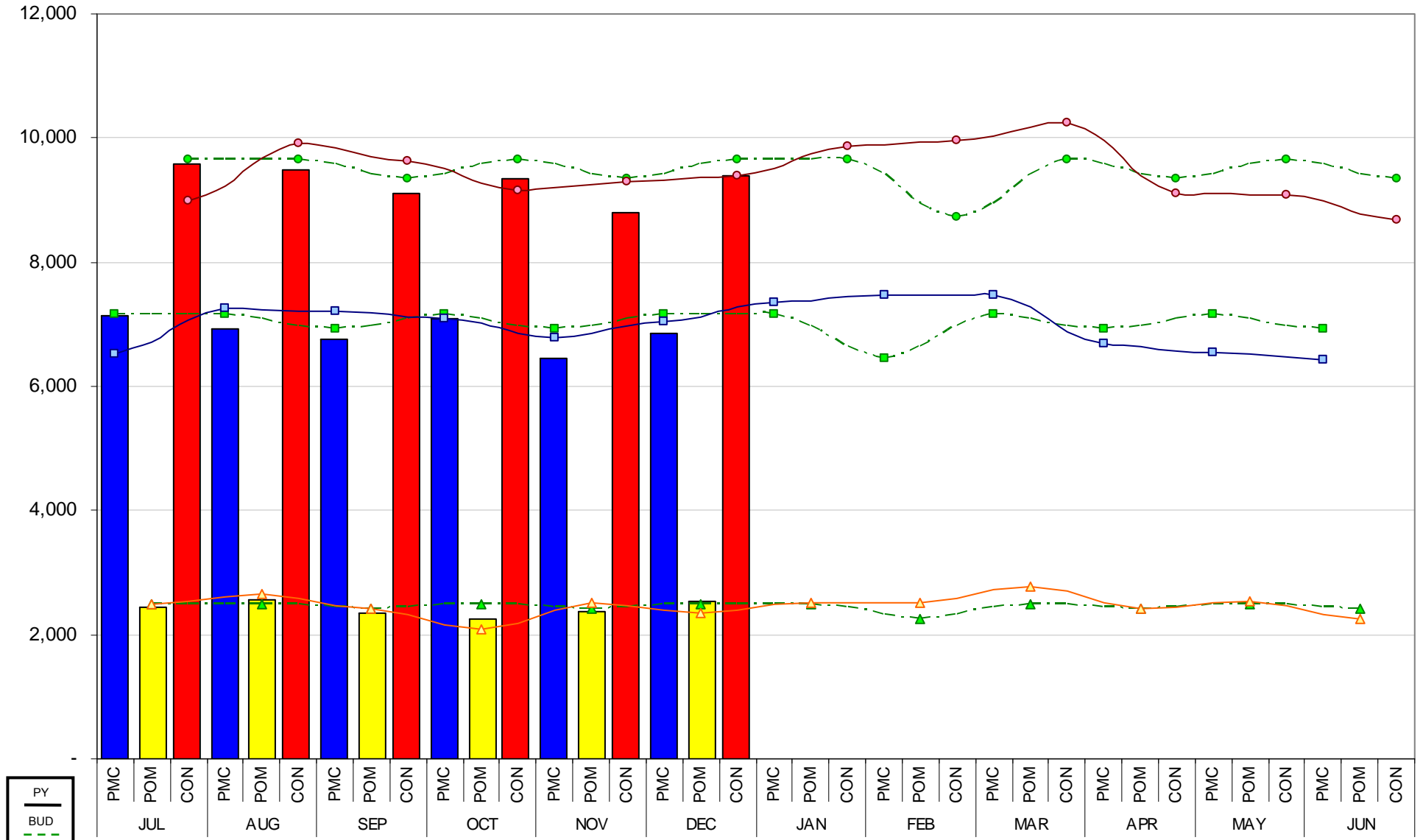
Statistical Indicators
Admissions – Acute



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	1,895	1,848	1,771	1,782	1,687	1,738	-	-	-	-	-	-	10,721	11,122
POM	645	606	596	575	566	592	-	-	-	-	-	-	3,580	3,728
CON	2,540	2,454	2,367	2,357	2,253	2,330	-	-	-	-	-	-	14,301	14,850

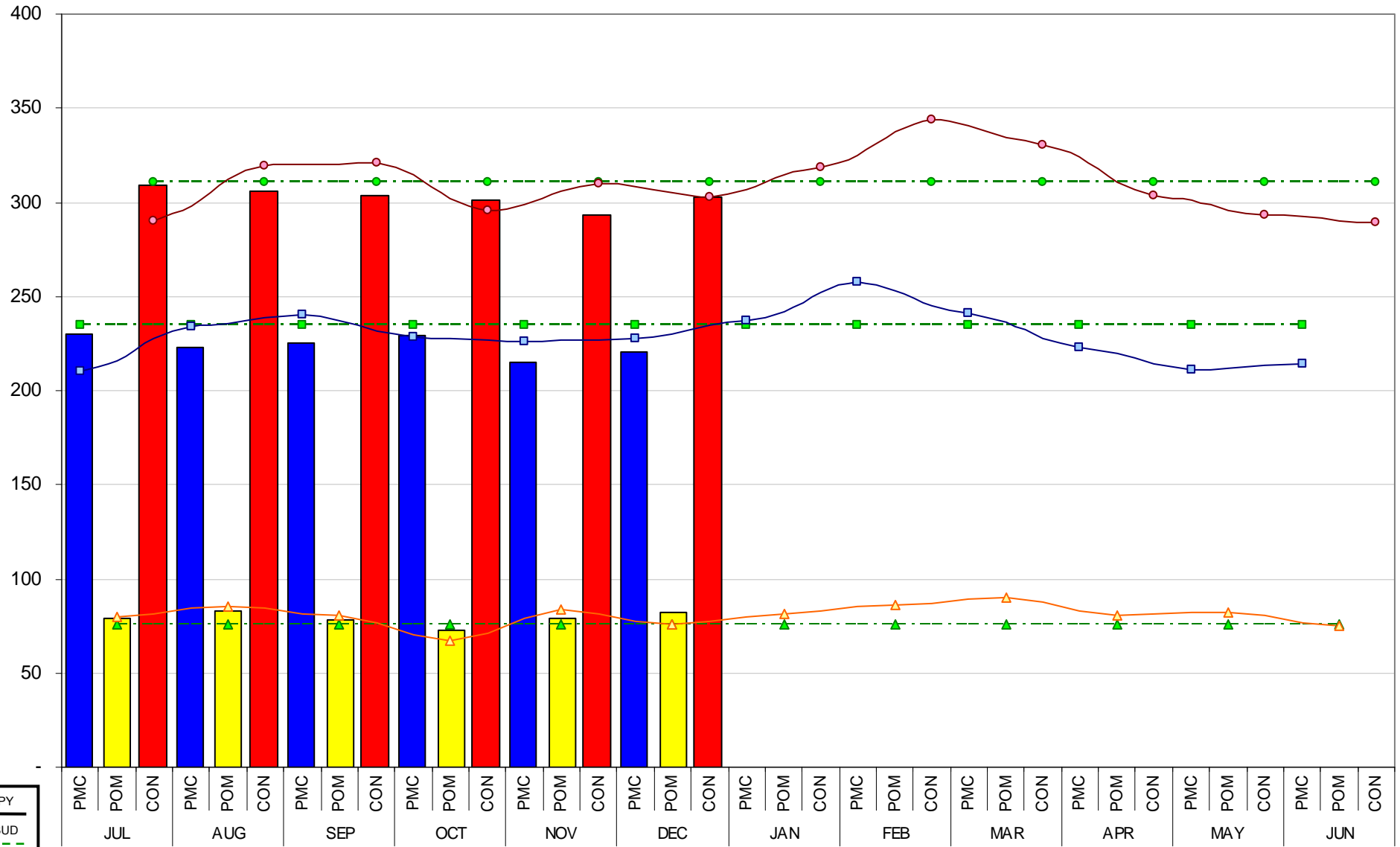
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Statistical Indicators
Patient Days – Acute



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	7,138	6,920	6,757	7,101	6,440	6,848	-	-	-	-	-	-	41,204	42,466
POM	2,449	2,571	2,341	2,244	2,362	2,549	-	-	-	-	-	-	14,514	14,832
CON	9,587	9,491	9,098	9,345	8,802	9,397	-	-	-	-	-	-	55,720	57,298

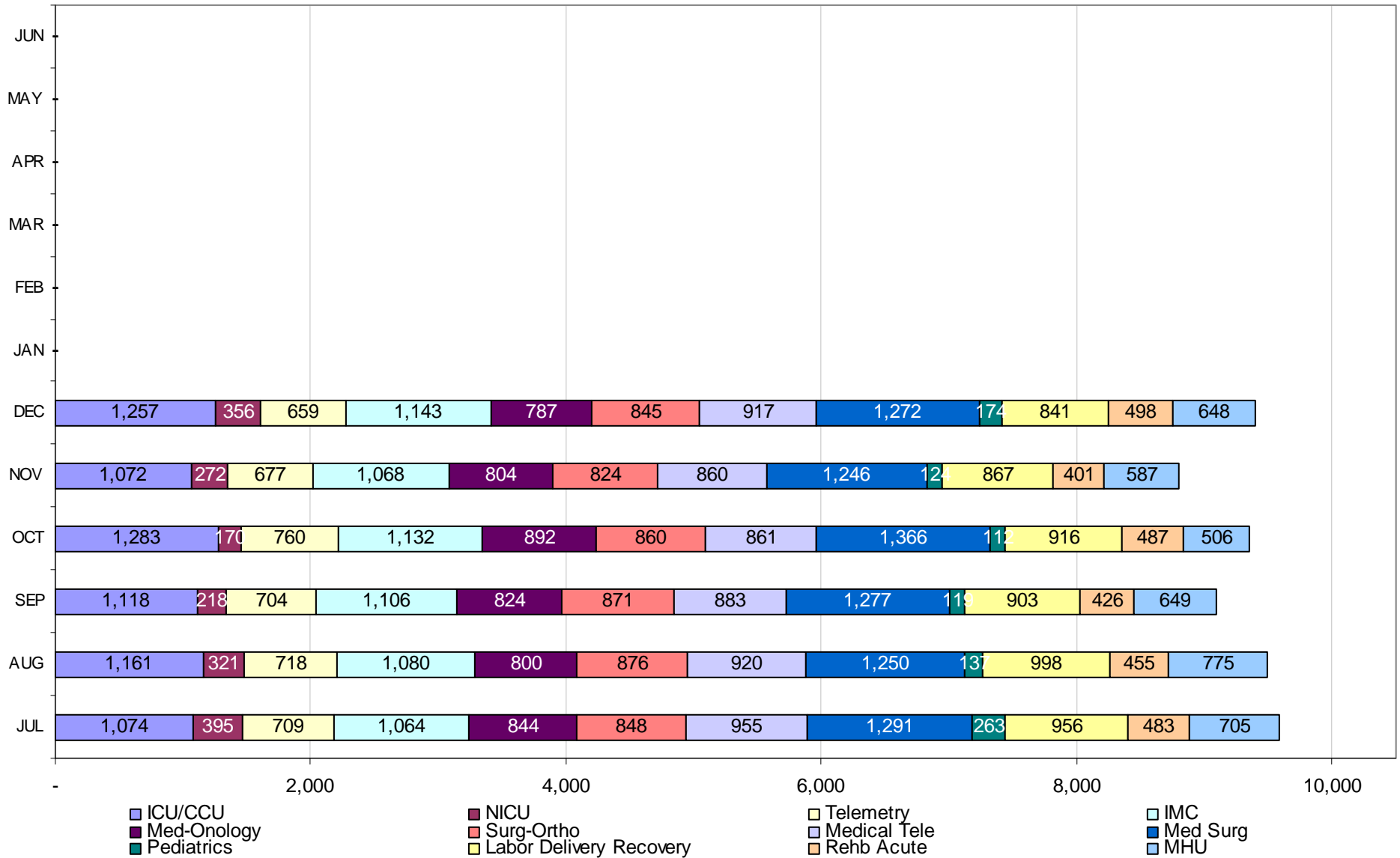
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	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	230	223	225	229	215	221	-	-	-	-	-	-	224	231
POM	79	83	78	72	79	82	-	-	-	-	-	-	74	81
CON	309	306	303	301	293	303	-	-	-	-	-	-	303	312

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Statistical Indicators
Patient Days

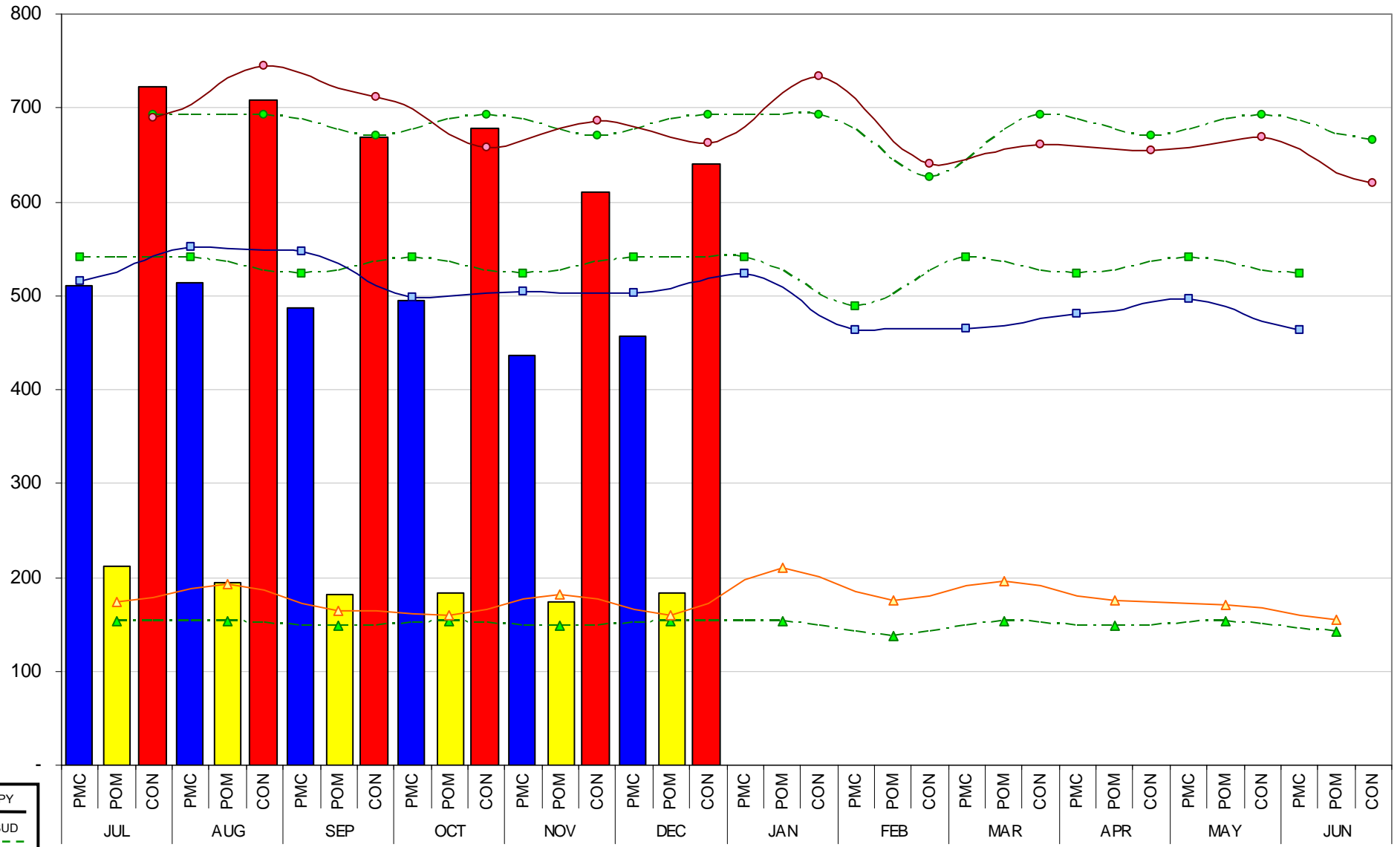


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	7,138	6,920	6,757	7,101	6,440	6,848	-	-	-	-	-	-	41,204	42,466
POM	2,449	2,571	2,341	2,244	2,362	2,549	-	-	-	-	-	-	14,510	14,832
CON	9,587	9,491	9,098	9,345	8,802	9,397	-	-	-	-	-	-	55,720	57,298

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Statistical Indicators

Surgeries (Inpatient only)

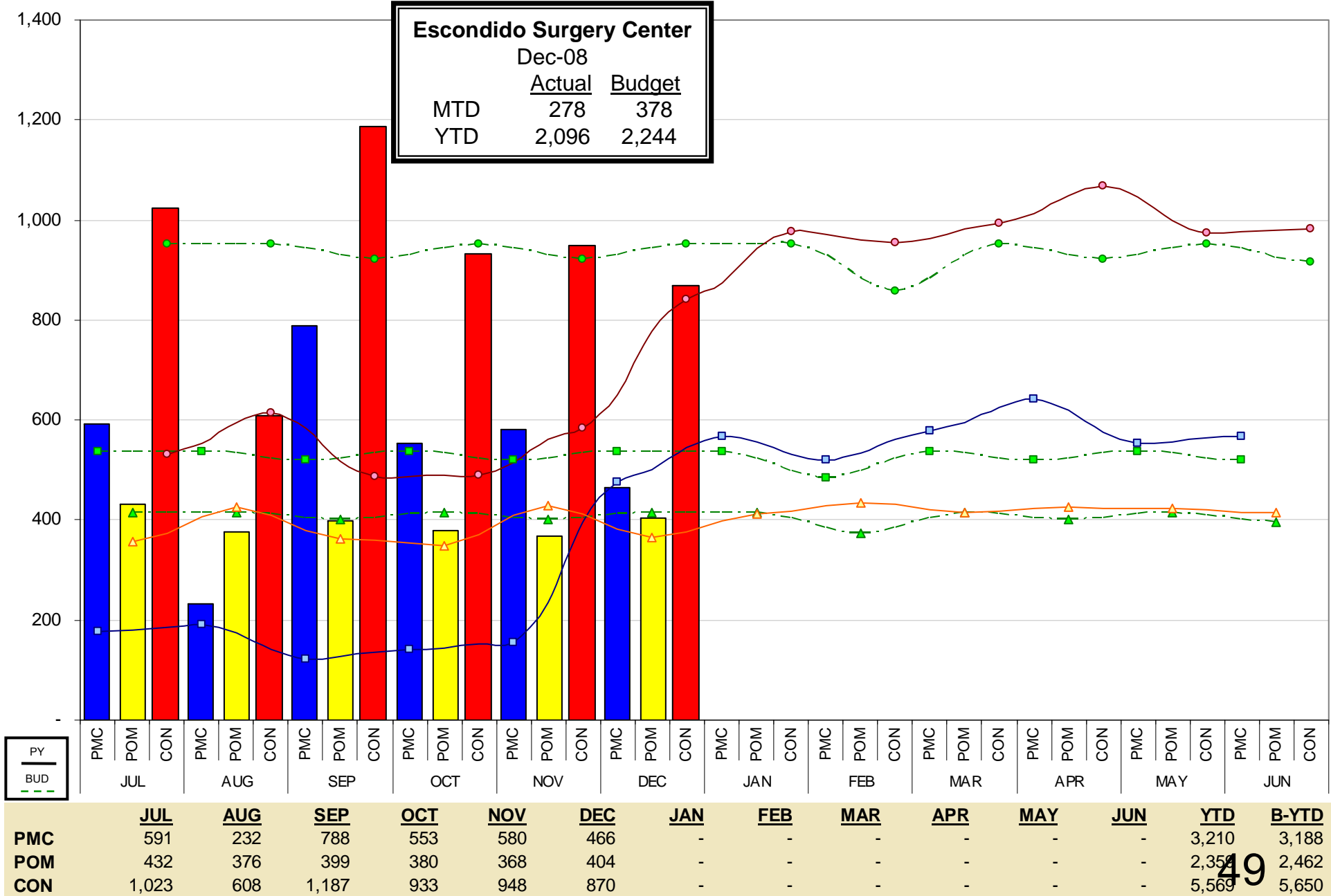


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	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	510	514	487	495	436	457	-	-	-	-	-	-	2,899	3,206
POM	212	195	182	184	174	184	-	-	-	-	-	-	1,131	908
CON	722	709	669	679	610	641	-	-	-	-	-	-	4,030	4,114

48

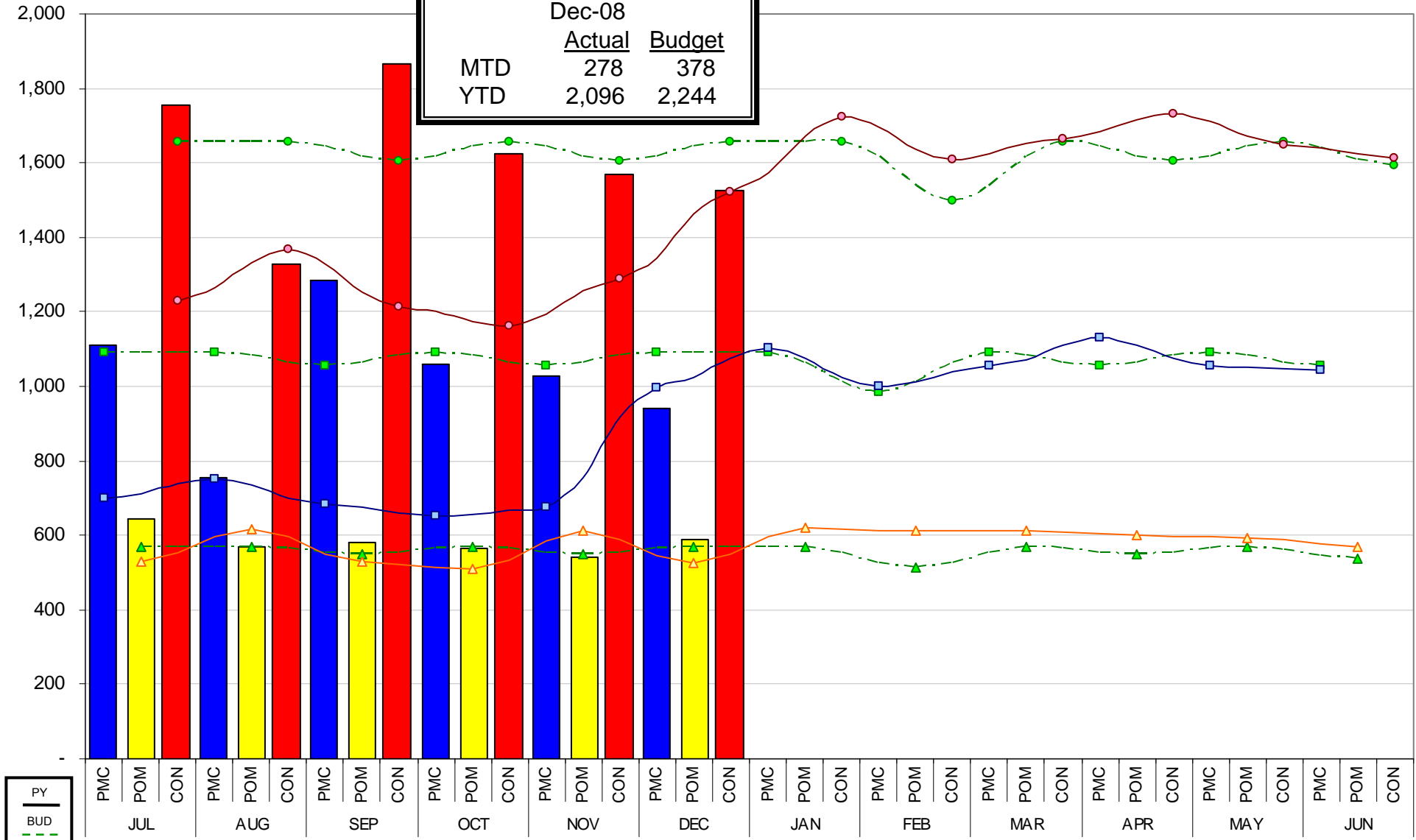
Statistical Indicators
Surgeries (Outpatient only)



49

Statistical Indicators
Total Surgeries

Escondido Surgery Center
Dec-08
Actual Budget
MTD 278 378
YTD 2,096 2,244

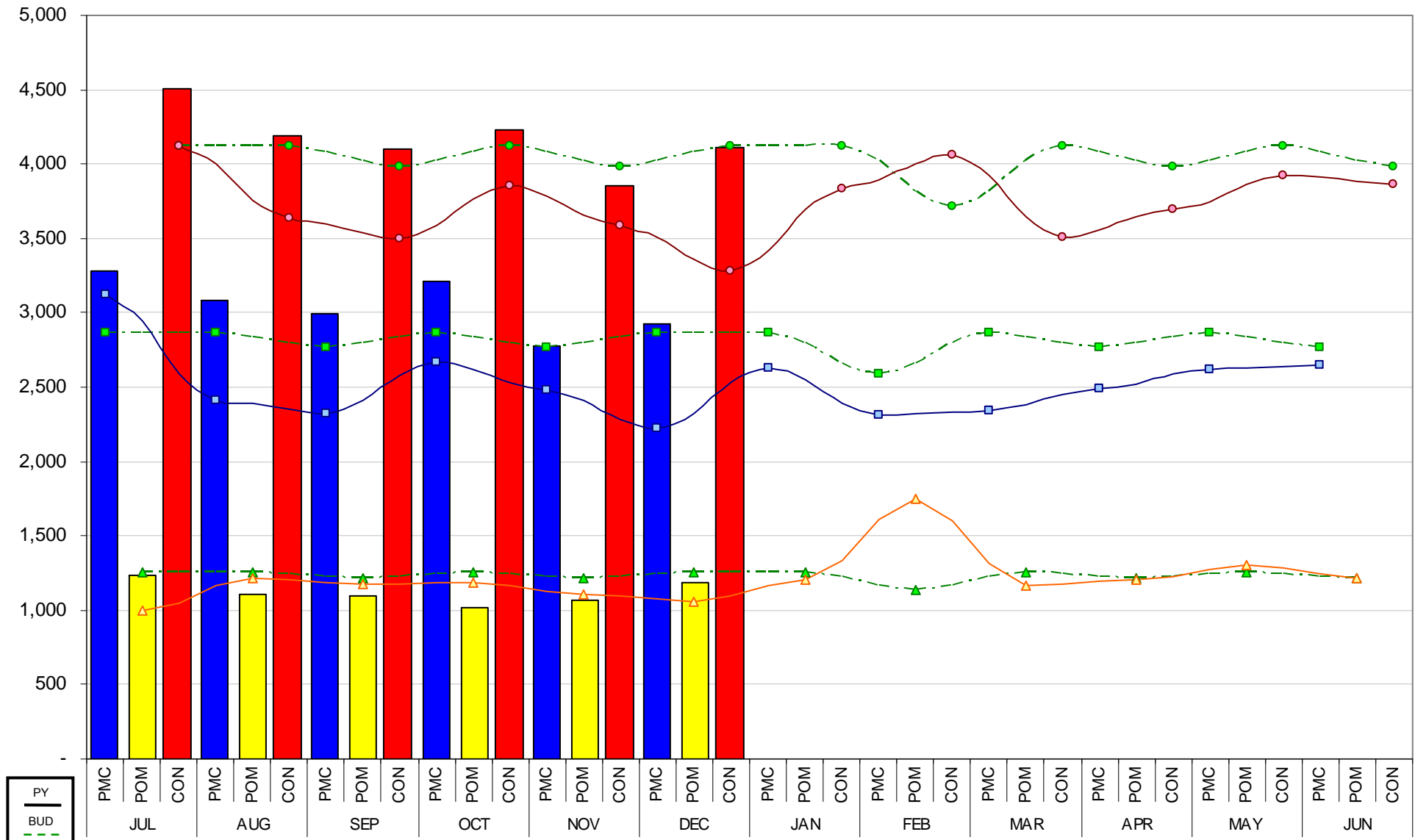


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	1,111	756	1,285	1,061	1,026	939	-	-	-	-	-	-	6,178	6,472
POM	644	571	581	564	542	588	-	-	-	-	-	-	3,499	3,370
CON	1,755	1,327	1,866	1,625	1,568	1,527	-	-	-	-	-	-	9,668	9,842

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Statistical Indicators

Outpatient Registrations (excludes Lab)

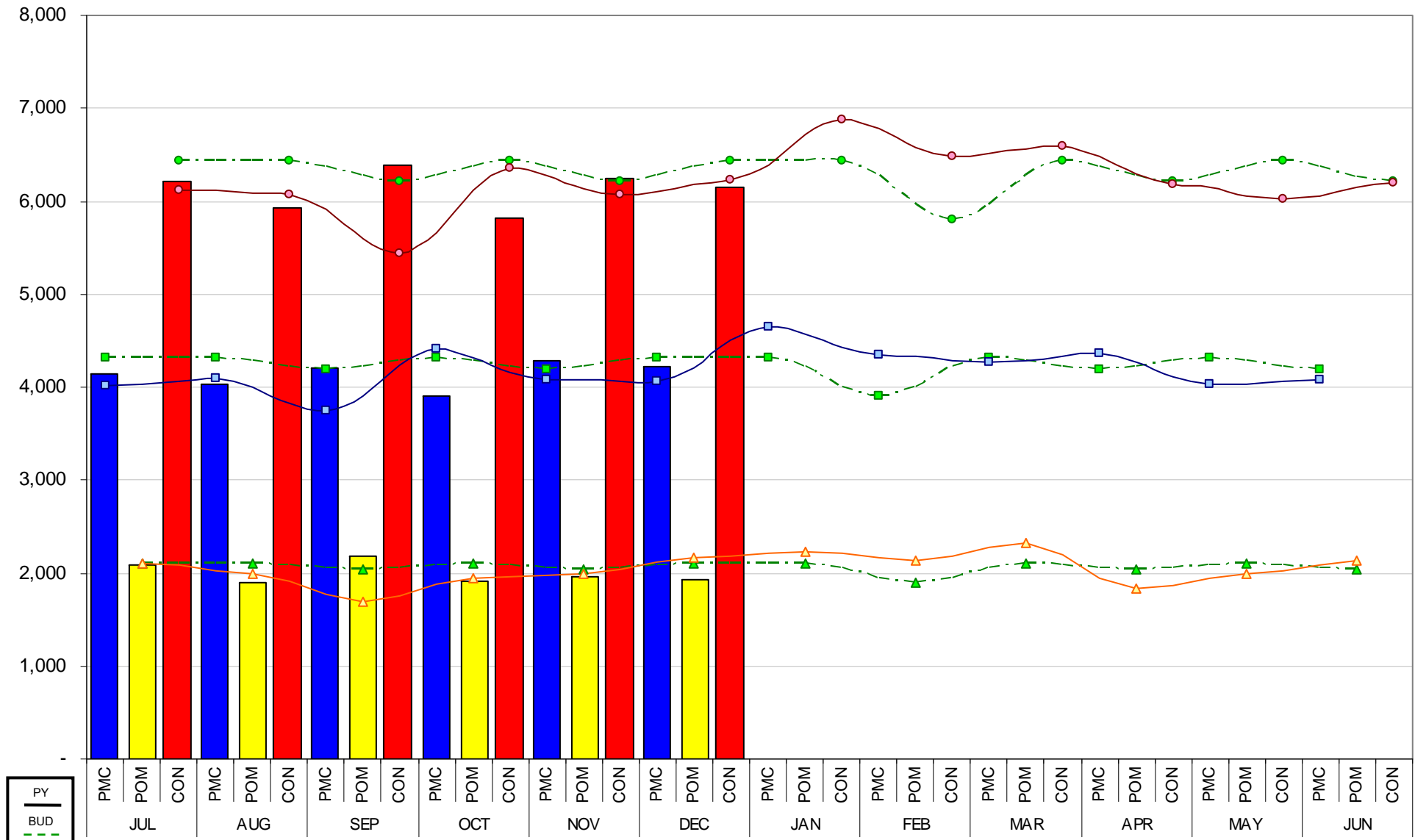


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	3,276	3,085	2,998	3,214	2,780	2,924	-	-	-	-	-	-	18,277	16,992
POM	1,231	1,108	1,101	1,013	1,069	1,190	-	-	-	-	-	-	6,711	7,454
CON	4,507	4,193	4,099	4,227	3,849	4,114	-	-	-	-	-	-	24,989	24,446

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Statistical Indicators

ER Visits (includes Trauma, Outpatient only)

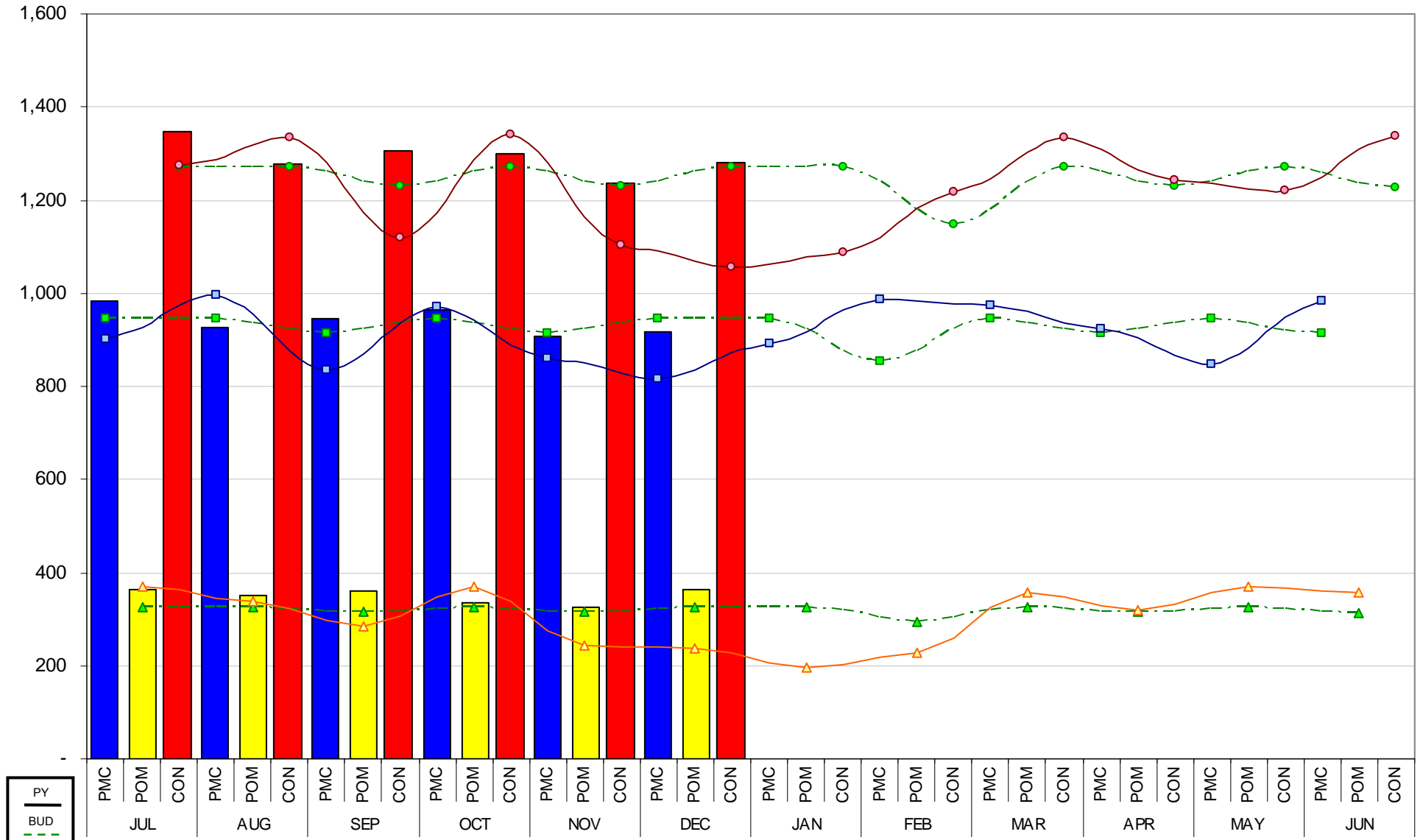


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PM	4,137	4,032	4,199	3,910	4,291	4,215	-	-	-	-	-	-	24,784	25,654
OM	2,081	1,895	2,184	1,906	1,956	1,929	-	-	-	-	-	-	11,951	12,494
CO	6,218	5,927	6,383	5,816	6,247	6,144	-	-	-	-	-	-	36,735	38,148
CON/DAY	201	191	213	188	208	198	-	-	-	-	-	-	200	207

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Statistical Indicators

ER Admissions (includes Trauma, Inpatient only)

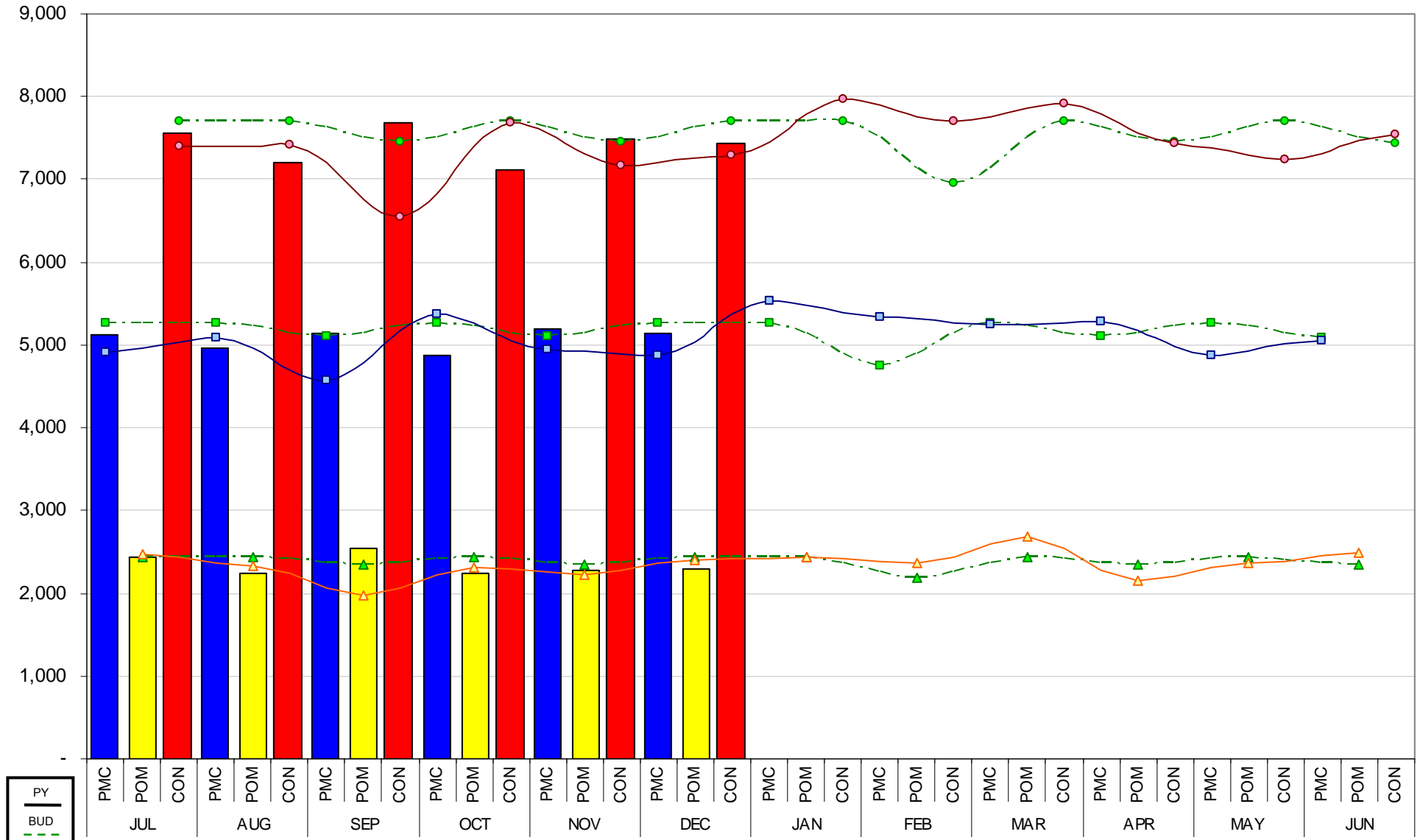


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	982	925	945	964	908	918	-	-	-	-	-	-	5,642	5,608
POM	364	351	360	336	327	364	-	-	-	-	-	-	2,104	1,934
CON	1,346	1,276	1,305	1,300	1,235	1,282	-	-	-	-	-	-	7,744	7,542

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Statistical Indicators

Total ER Visits (includes Trauma & Admissions)

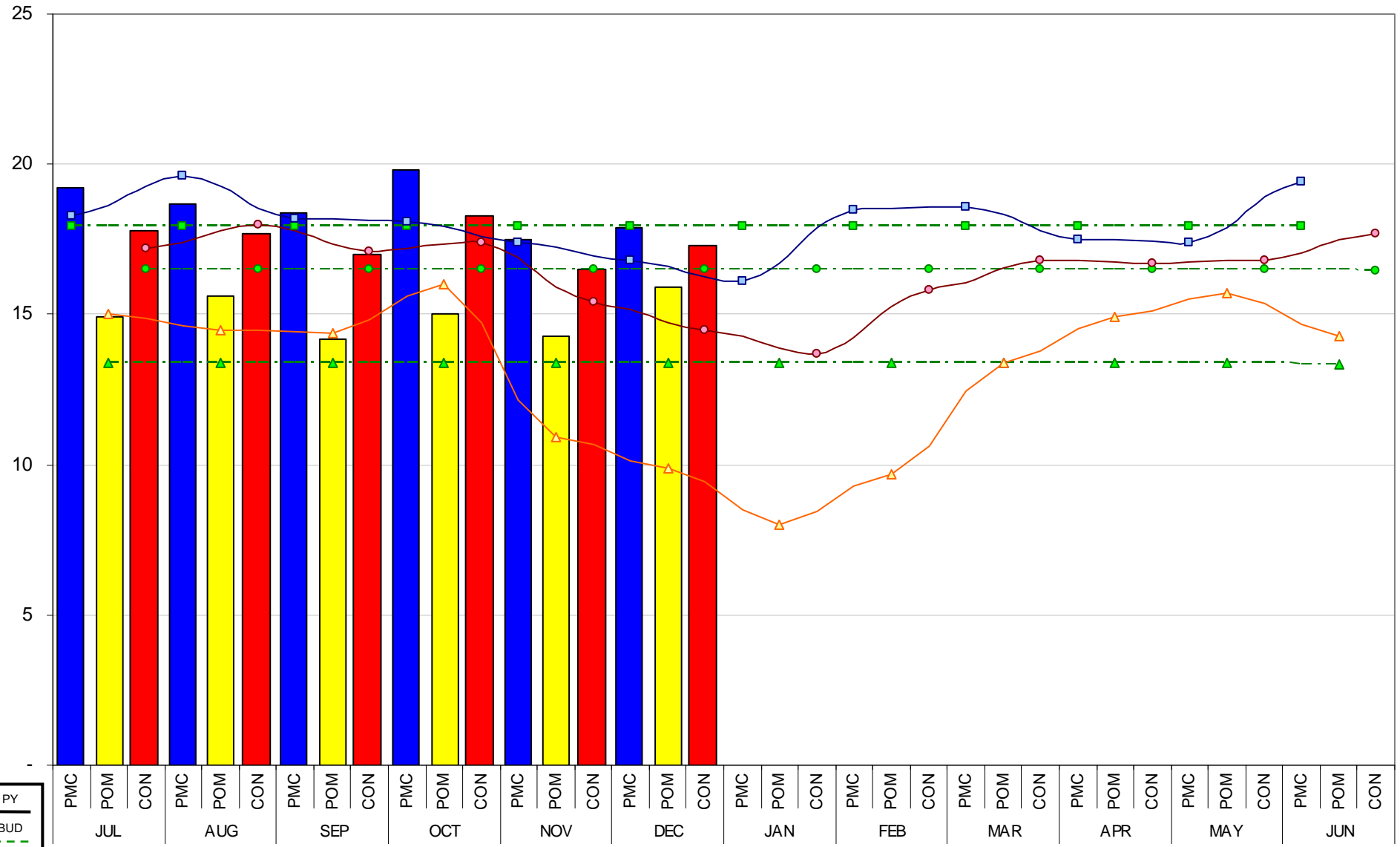


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	5,119	4,957	5,144	4,874	5,199	5,133	-	-	-	-	-	-	30,426	31,262
POM	2,445	2,246	2,544	2,242	2,283	2,293	-	-	-	-	-	-	14,055	14,428
CON	7,564	7,203	7,688	7,116	7,482	7,426	-	-	-	-	-	-	44,479	45,690

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Statistical Indicators

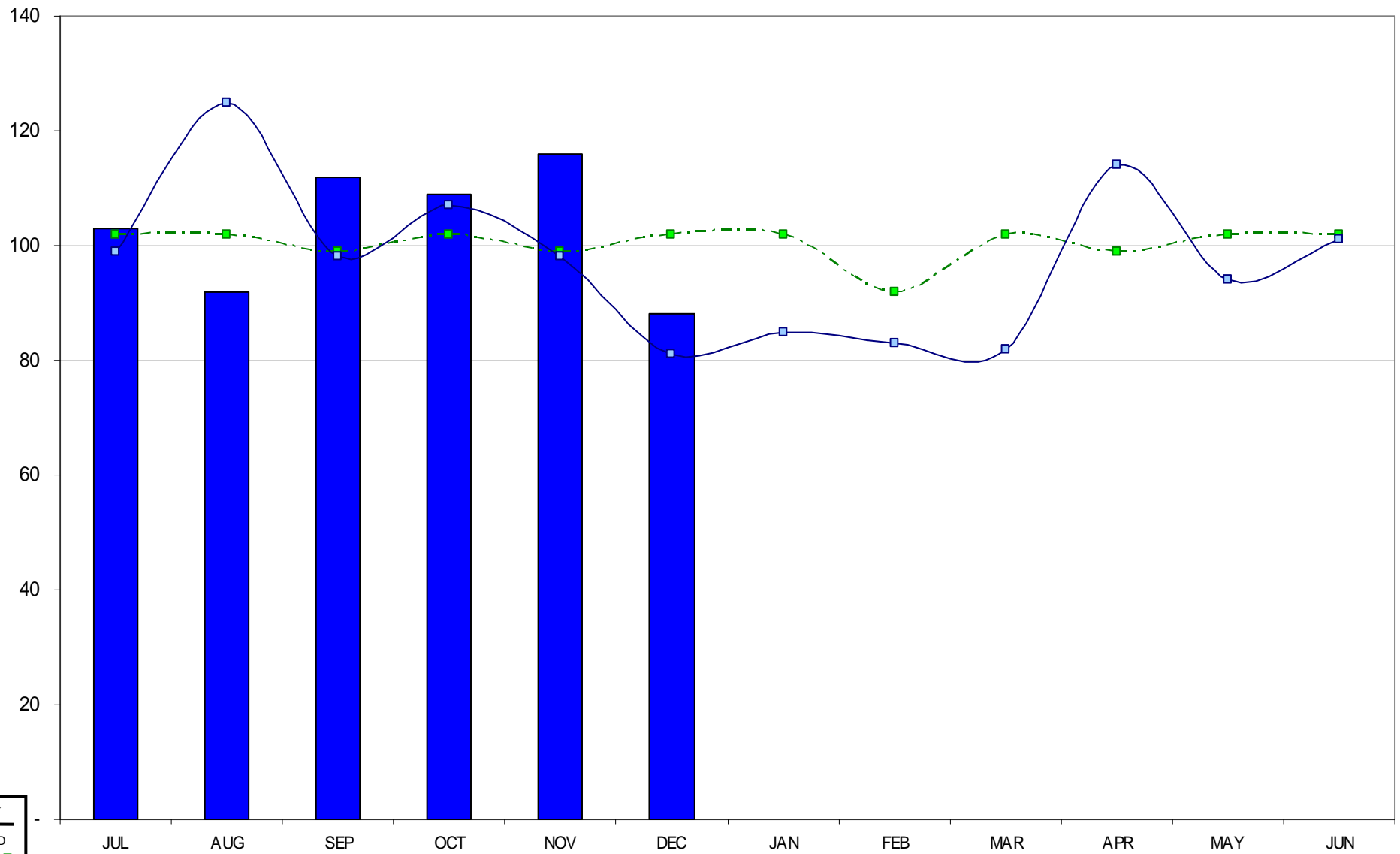
ER Conversion (ER Admits as % of ER Visits)



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	19.2	18.7	18.4	19.8	17.5	17.9	-	-	-	-	-	-	18.5	17.9
POM	14.9	15.6	14.2	15.0	14.3	15.9	-	-	-	-	-	-	15.6	13.4
CON	17.8	17.7	17.0	18.3	16.5	17.3	-	-	-	-	-	-	17.4	16.5

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Statistical Indicators
Trauma Cases (PMC only)

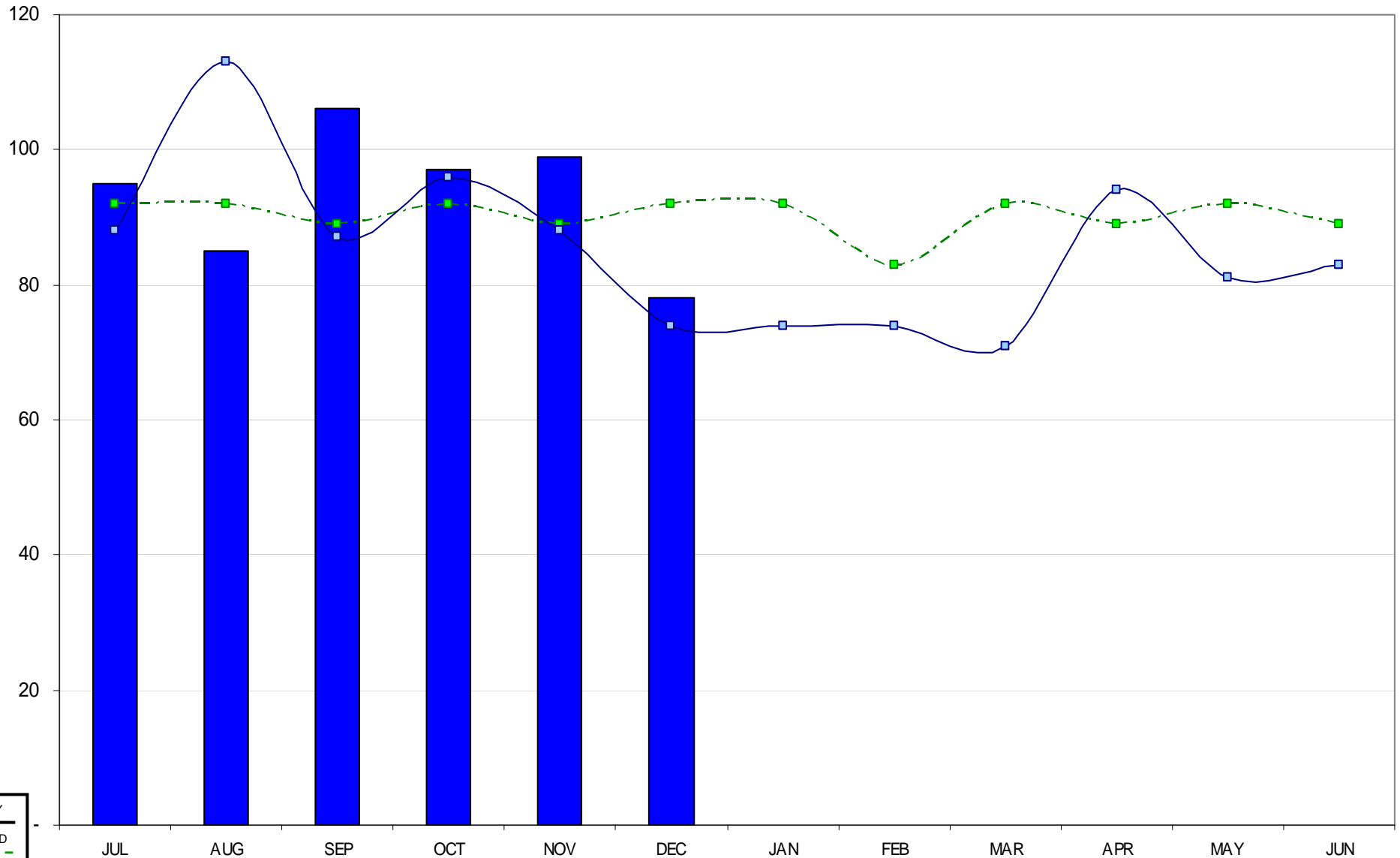


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	103	92	112	109	116	88	-	-	-	-	-	-	620	606
POM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CON	103	92	112	109	116	88	-	-	-	-	-	-	620	606

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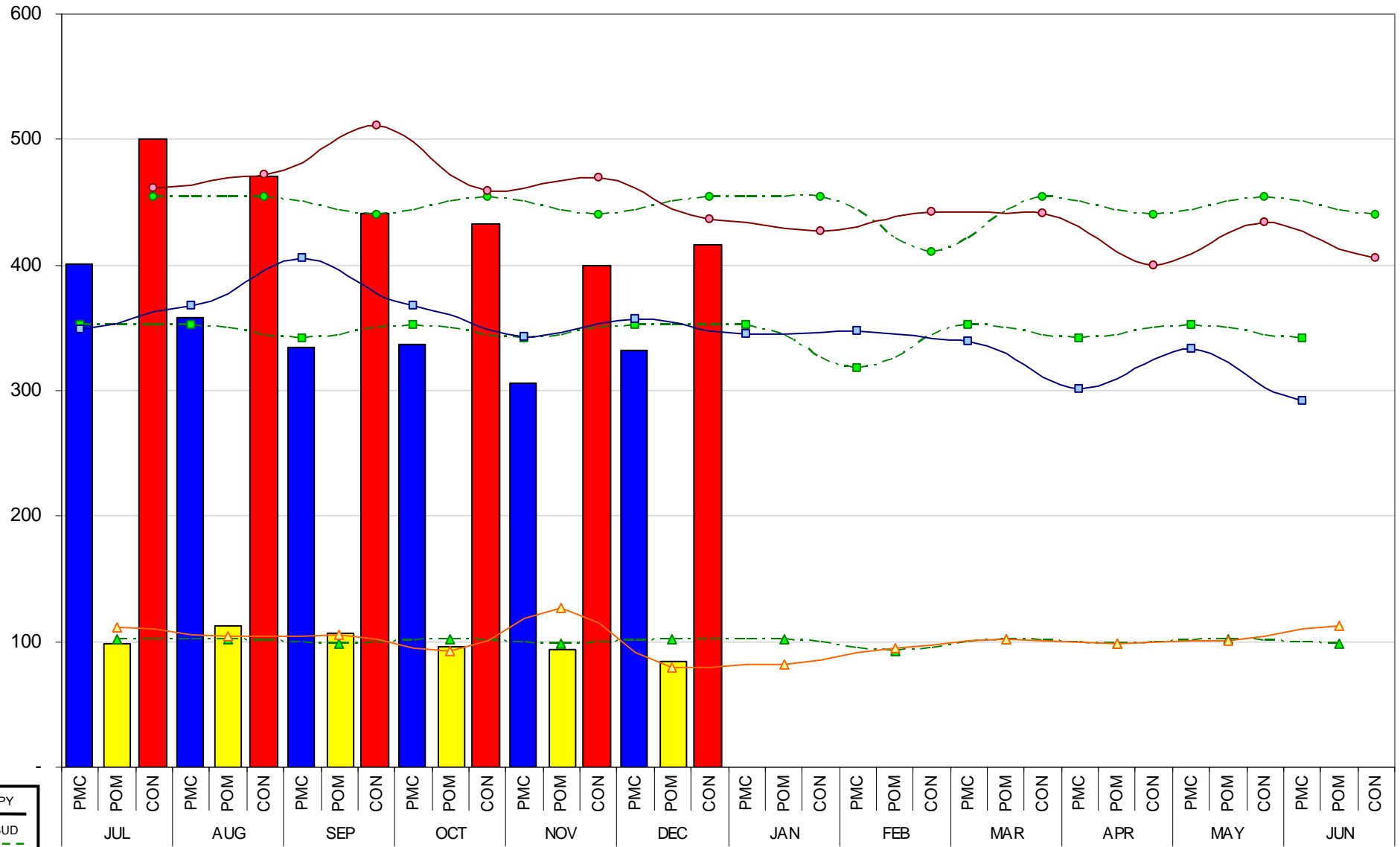
Statistical Indicators

Trauma Admissions (PMC only)



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	95	85	106	97	99	78	-	-	-	-	-	-	560	546
POM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CON	95	85	106	97	99	78	-	-	-	-	-	-	560	546

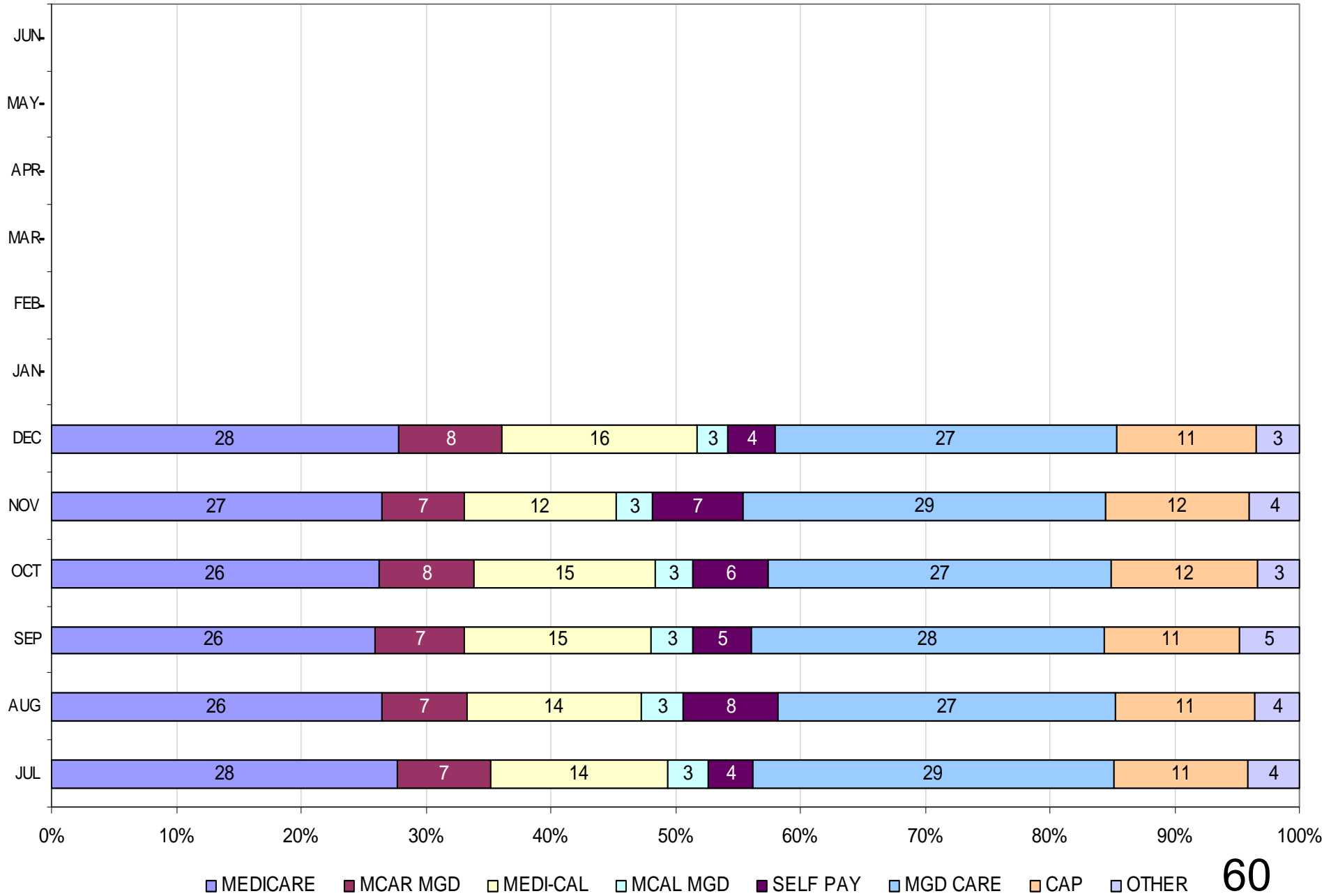
58

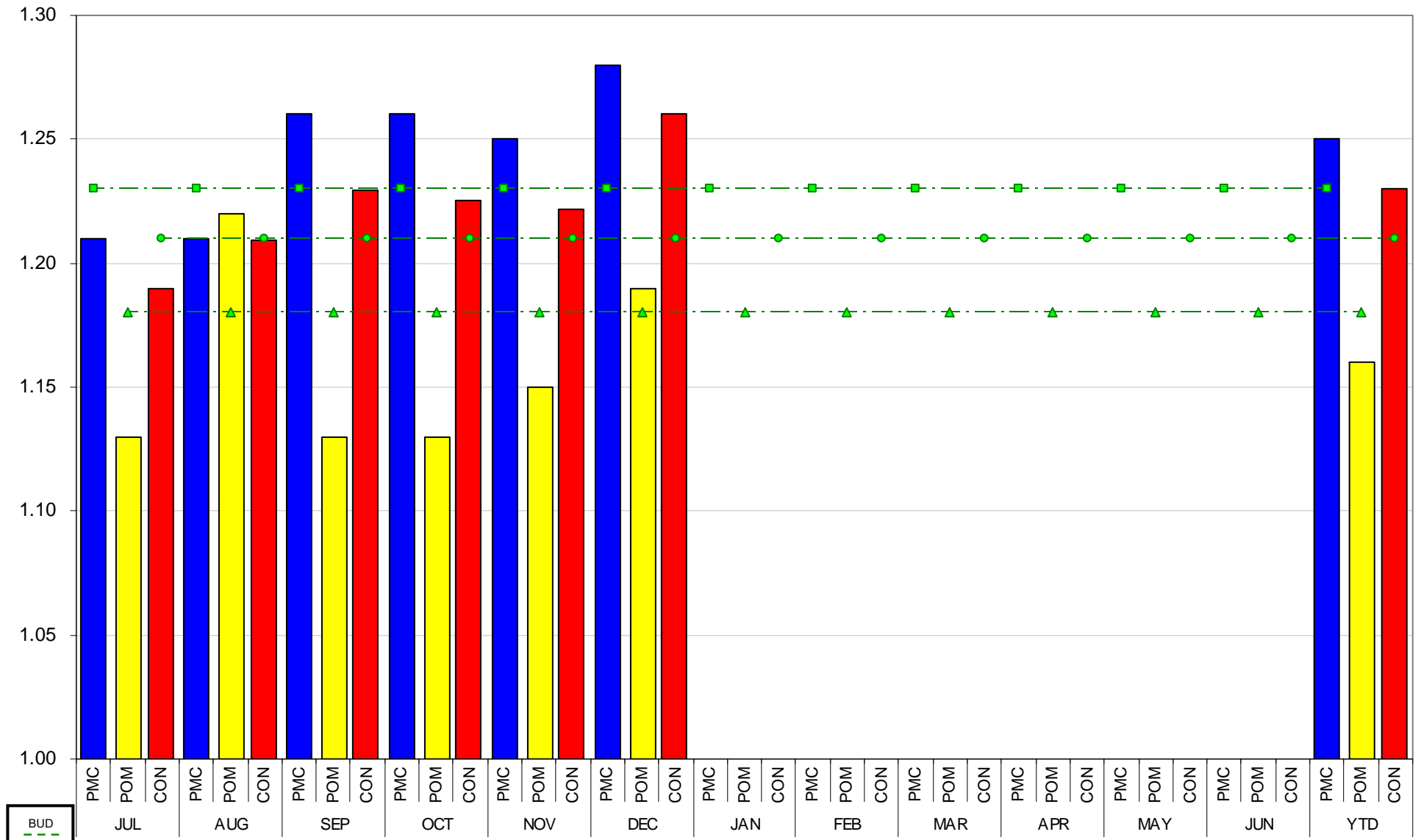


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	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	401	358	334	337	306	332	-	-	-	-	-	-	2,068	2,090
POM	99	113	107	96	94	84	-	-	-	-	-	-	599	606
CON	500	471	441	433	400	416	-	-	-	-	-	-	2,661	2,696

Payor Mix
Based on Gross Revenue

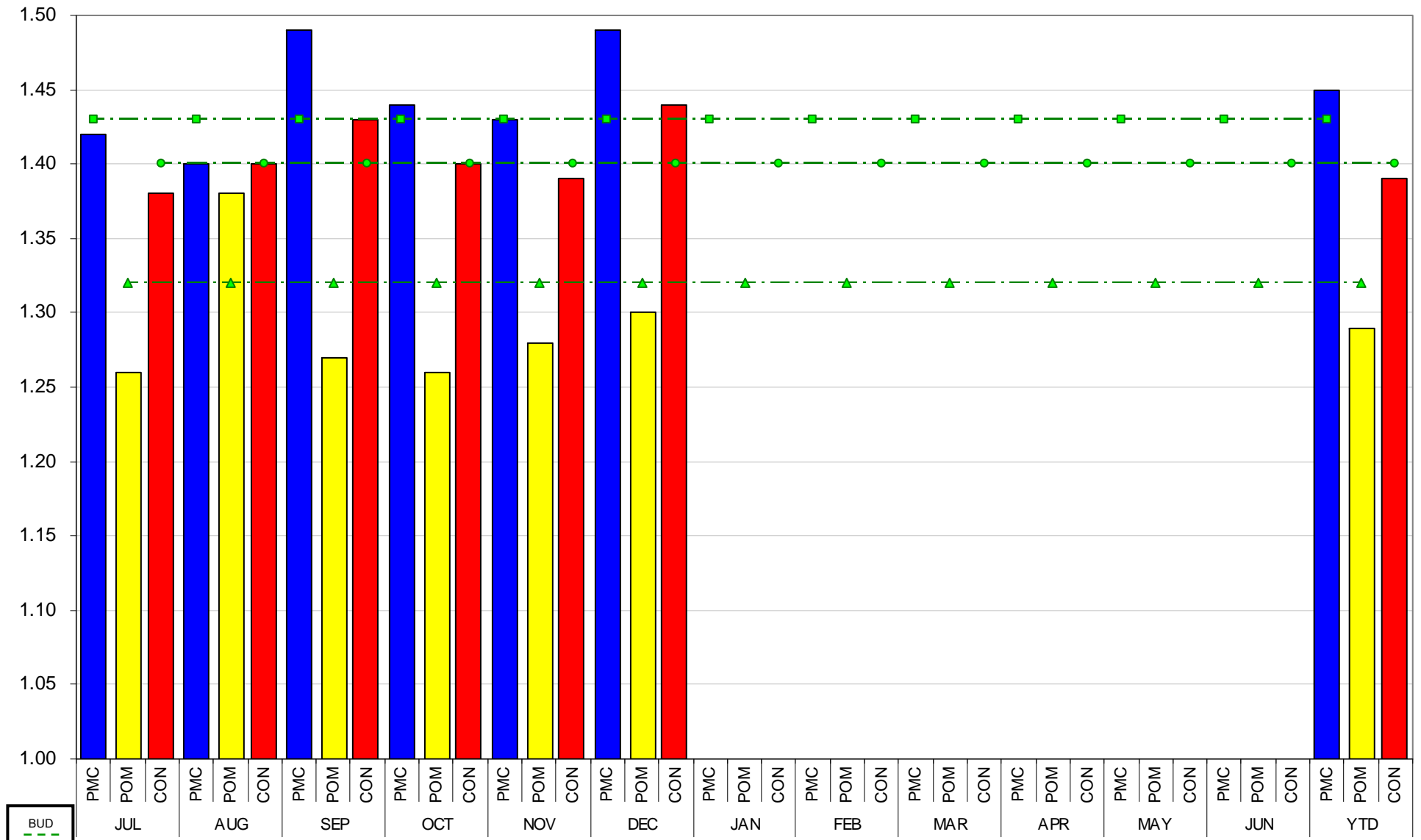




	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
PMC	1.21	1.21	1.26	1.26	1.25	1.28	-	-	-	-	-	-	1.25
POM	1.13	1.22	1.13	1.13	1.15	1.19	-	-	-	-	-	-	1.16
CON	1.19	1.21	1.23	1.23	1.22	1.26	-	-	-	-	-	-	1.23

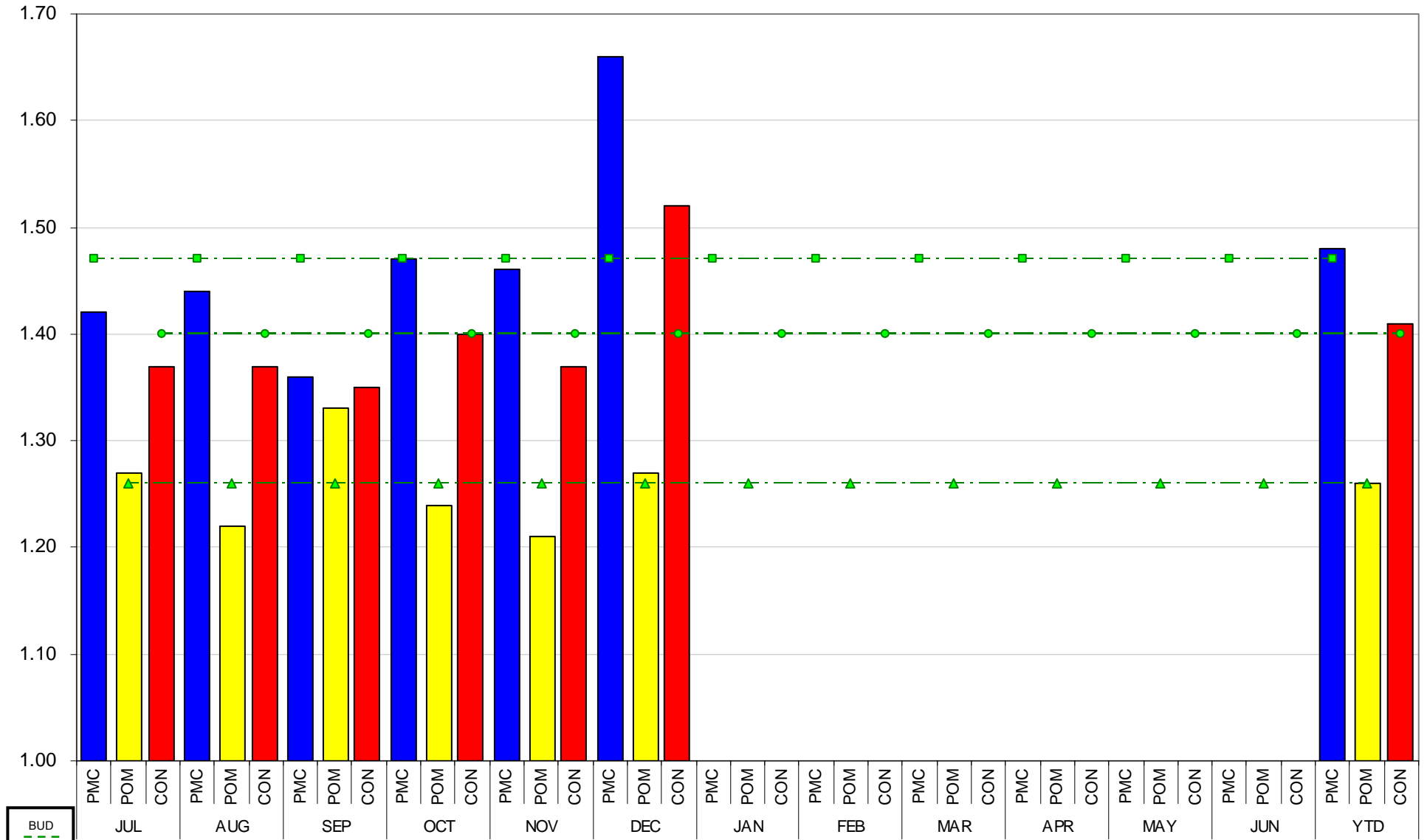
Case Mix Index by Region

(excludes Deliveries)



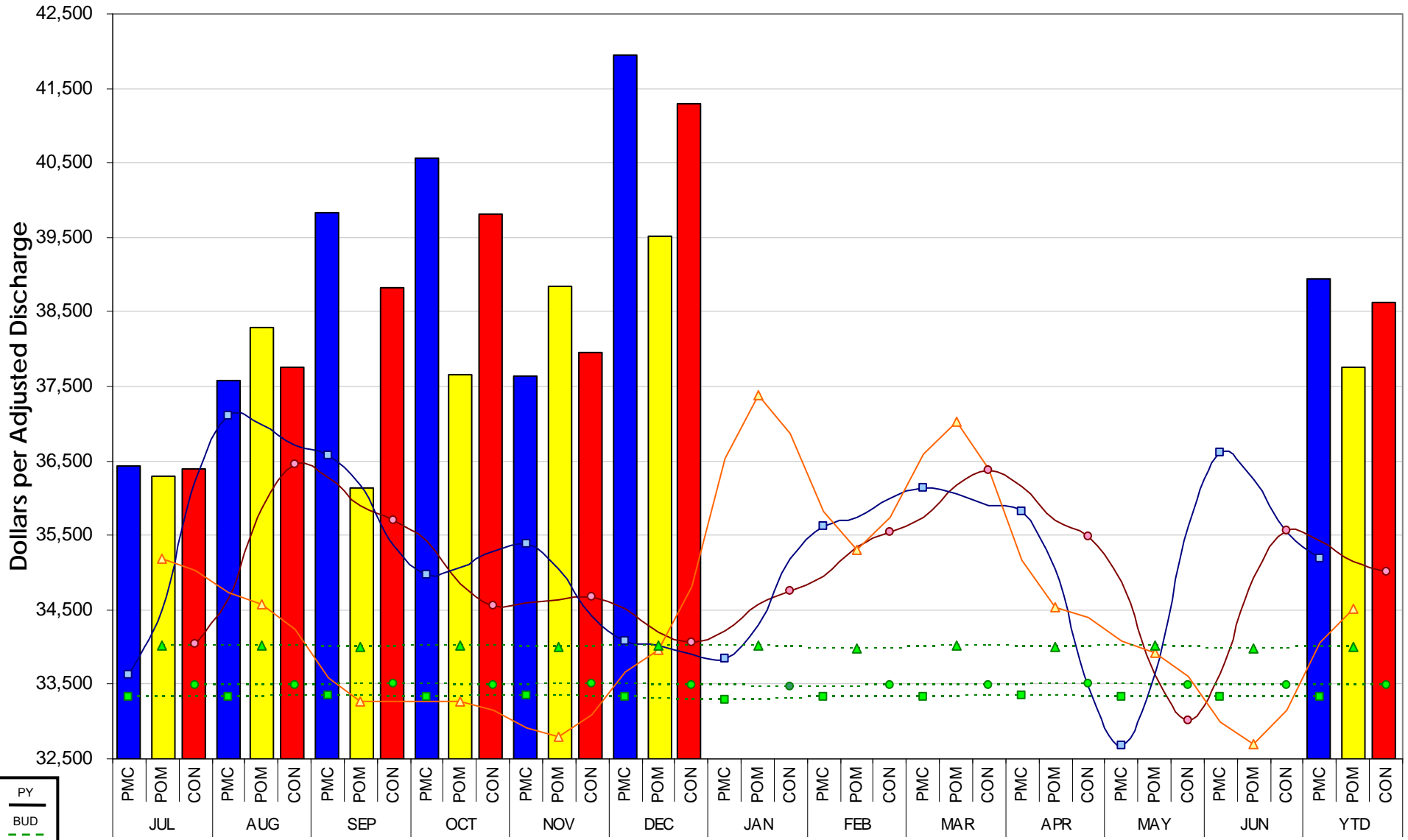
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
PMC	1.42	1.40	1.49	1.44	1.43	1.49	-	-	-	-	-	-	1.45
POM	1.26	1.38	1.27	1.26	1.28	1.30	-	-	-	-	-	-	1.29
CON	1.38	1.40	1.43	1.40	1.39	1.44	-	-	-	-	-	-	1.39

Case Mix Index by Region
Medicare



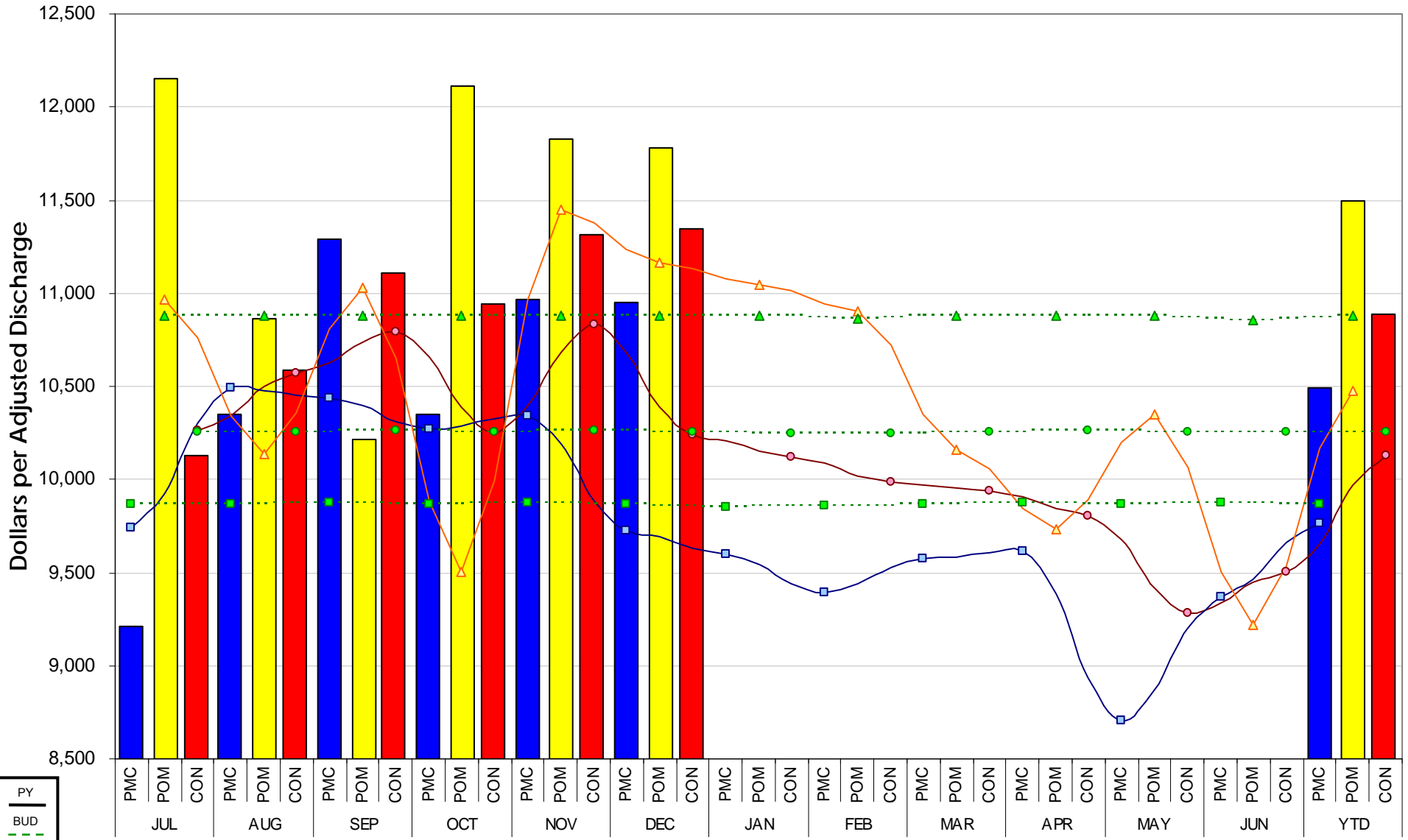
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD
PMC	1.42	1.44	1.36	1.47	1.46	1.66	-	-	-	-	-	-	1.48
POM	1.27	1.22	1.33	1.24	1.21	1.27	-	-	-	-	-	-	1.26
CON	1.37	1.37	1.35	1.40	1.37	1.52	-	-	-	-	-	-	1.41

Adjusted Discharges
Gross Patient Revenue per Adjusted Discharges



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	36,434	37,574	39,830	40,564	37,640	41,941	-	-	-	-	-	-	38,944	37,966
POM	36,286	38,286	36,127	37,664	38,850	39,517	-	-	-	-	-	-	37,757	36,123
CON	36,402	37,759	38,832	39,810	37,951	41,291	-	-	-	-	-	-	38,628	37,483

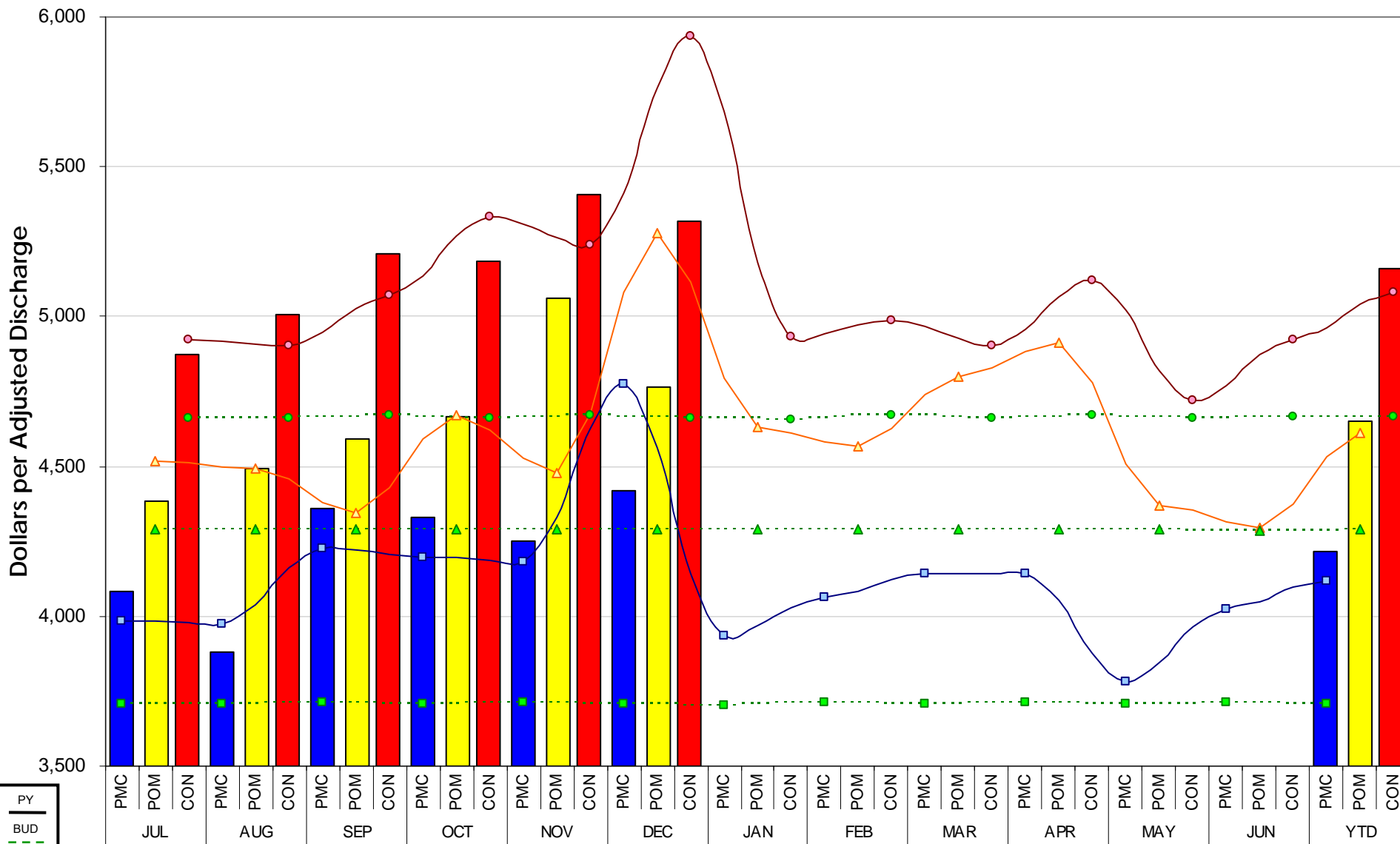
Adjusted Discharges
Net Patient Revenue per Adjusted Discharges



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	9,214	10,346	11,288	10,353	10,964	10,951	-	-	-	-	-	-	10,495	10,367
POM	12,150	10,864	10,216	12,110	11,826	11,779	-	-	-	-	-	-	11,497	11,377
CON	10,126	10,583	11,112	10,946	11,314	11,342	-	-	-	-	-	-	10,888	10,762

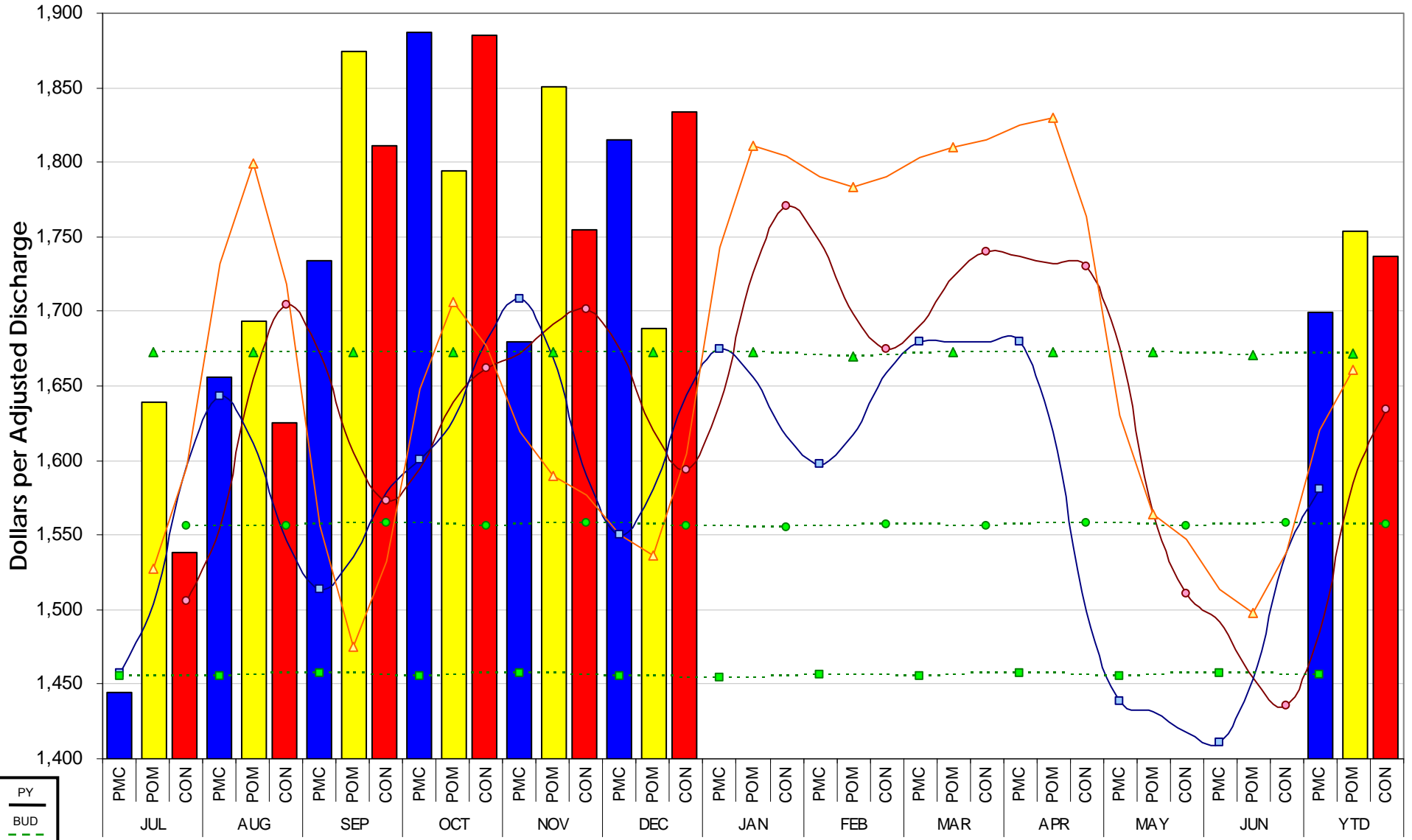
65

Adjusted Discharges
Salaries per Adjusted Discharges



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	4,083	3,882	4,360	4,330	4,251	4,418	-	-	-	-	-	-	4,215	4,248
POM	4,386	4,491	4,594	4,665	5,061	4,763	-	-	-	-	-	-	4,651	4,883
CON	4,874	5,007	5,211	5,187	5,408	5,317	-	-	-	-	-	-	5,168	5,163

Adjusted Discharges
Supplies per Adjusted Discharge

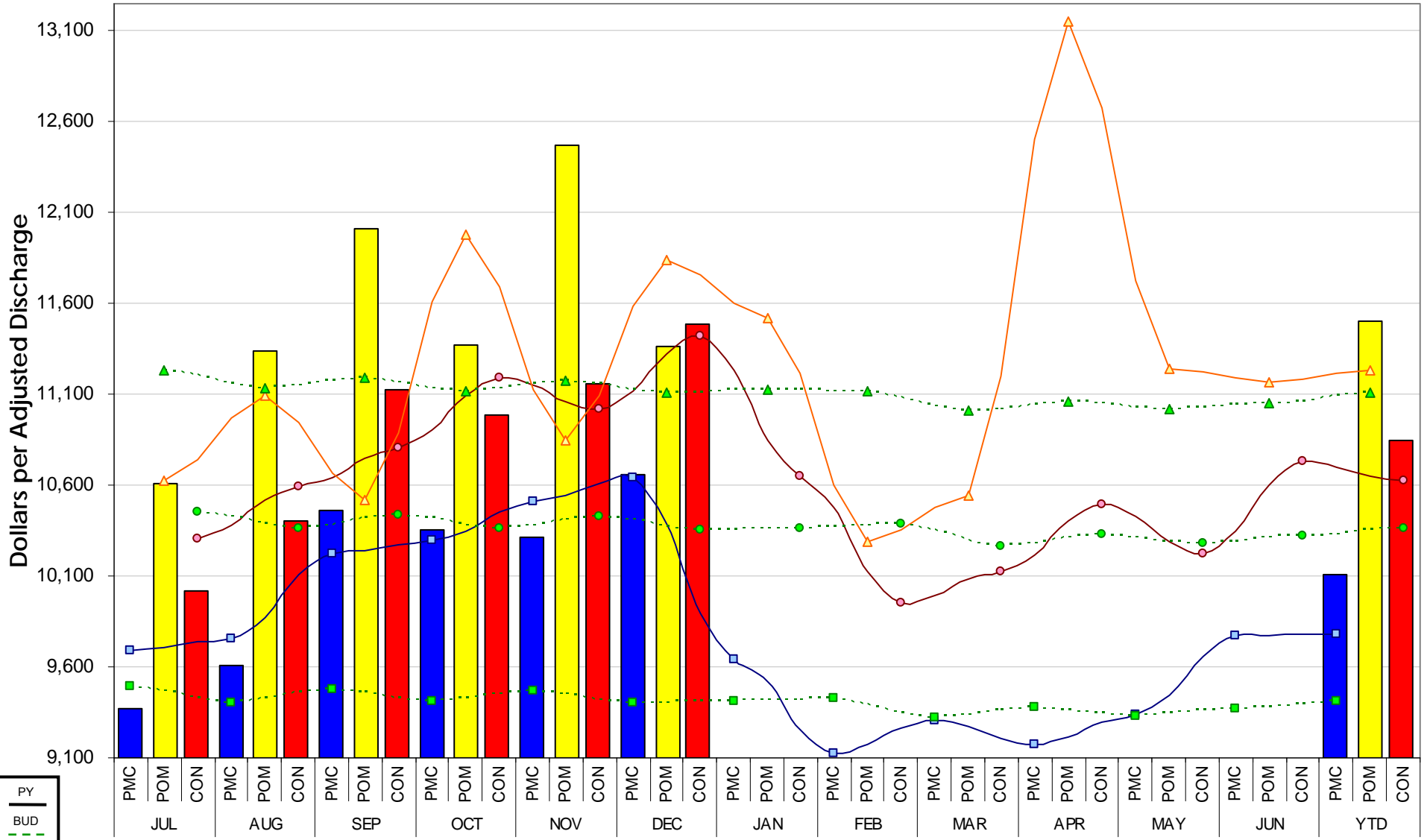


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	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	1,445	1,656	1,734	1,887	1,680	1,815	-	-	-	-	-	-	1,700	1,600
POM	1,639	1,693	1,874	1,794	1,850	1,688	-	-	-	-	-	-	1,754	1,683
CON	1,538	1,625	1,811	1,885	1,755	1,834	-	-	-	-	-	-	1,737	1,662

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Adjusted Discharges
Total Expenses per Adjusted Discharges

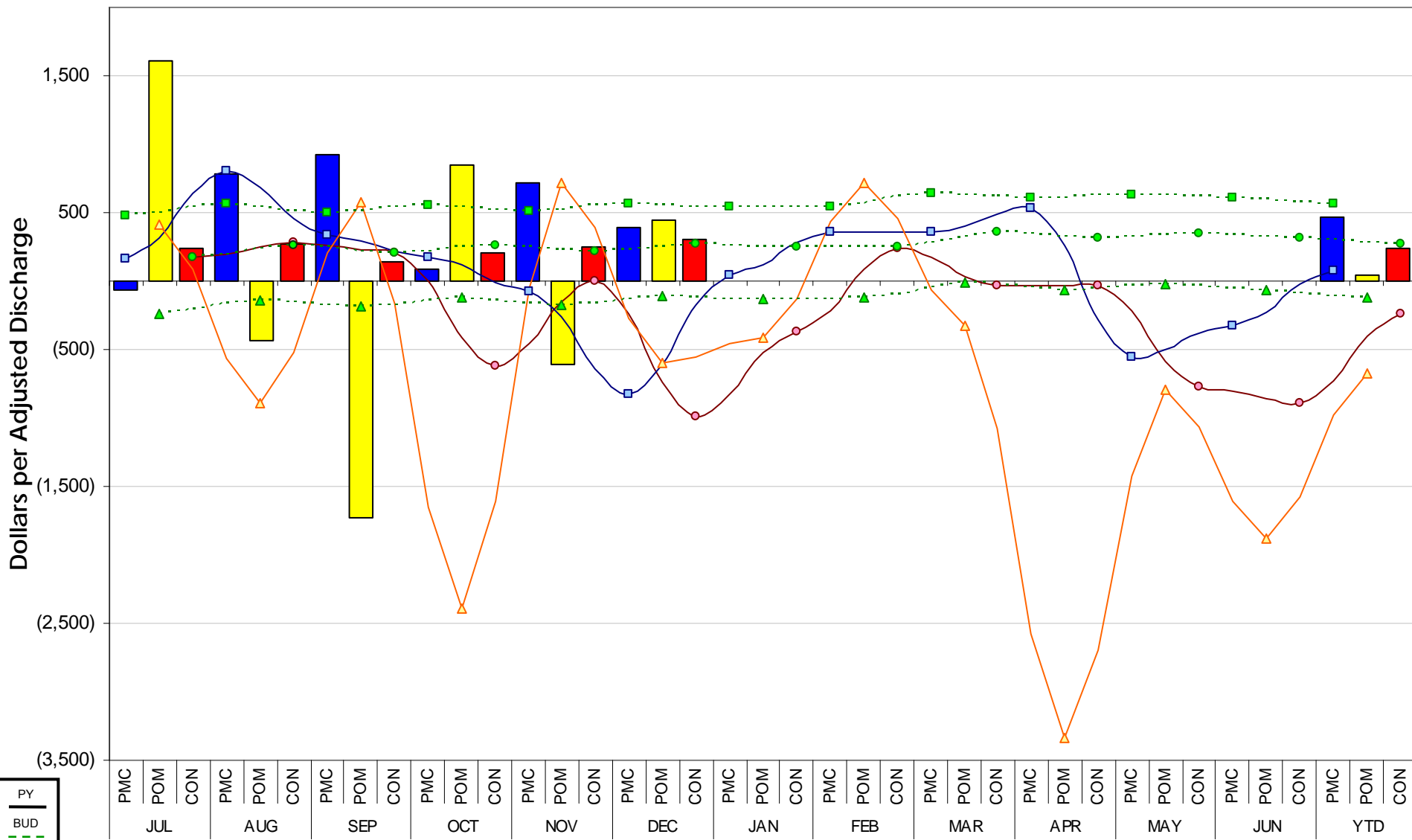


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	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	9,372	9,612	10,465	10,352	10,312	10,662	-	-	-	-	-	-	10,112	9,990
POM	10,611	11,342	12,016	11,372	12,471	11,365	-	-	-	-	-	-	11,506	11,631
CON	10,019	10,407	11,124	10,989	11,157	11,488	-	-	-	-	-	-	10,844	10,739

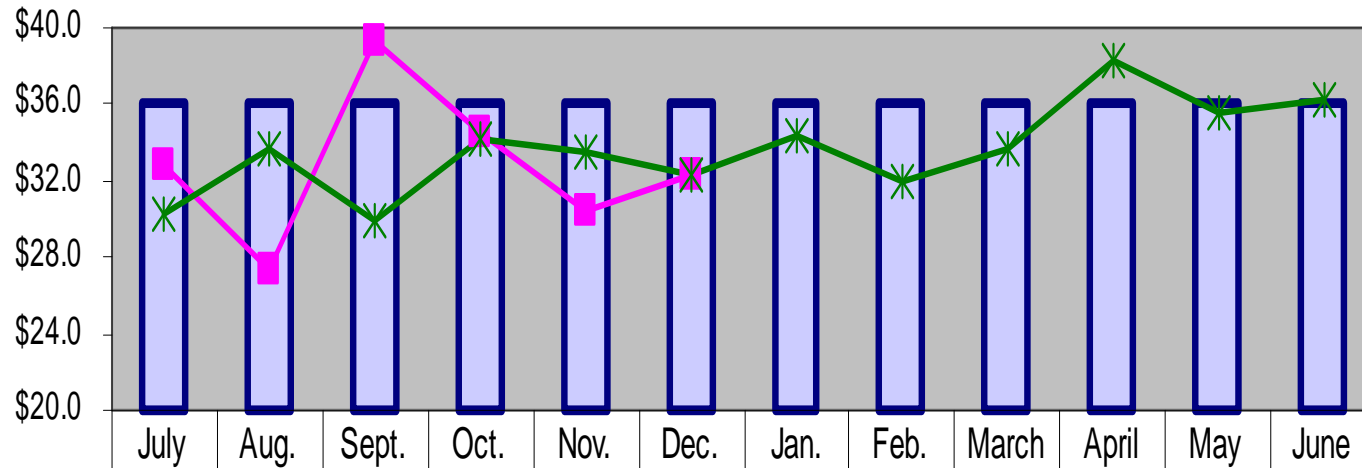
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Adjusted Discharges
Net Operating Income per Adjusted Discharges



	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YTD		B-YTD					
	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON		
PMC	(67)	785	921	87	717	393	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	465	465
POM	1,610	(436)	(1,731)	846	(607)	446	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48	(111)
CON	241	271	146	206	250	306	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	237	203	

PPH Monthly Collections
 in Millions



FY09 Goal	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0
Pr. Yr Actual	\$30.2	\$33.6	\$30.0	\$34.1	\$33.4	\$32.4	\$34.4	\$32.0	\$33.6	\$38.2	\$35.5	\$36.2
Curr. Yr Actual	\$32.8	\$27.3	\$39.3	\$34.5	\$30.5	\$32.3						

Revenue Cycle Key Indicators
Trend Report



Source	Current Month End	Previous Month End	Previous Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Current Month End	Change from Prior Month
Period Ending Days in Period	12/31/2008	11/30/2008	10/31/2008	12/31/2008	6/30/2008	12/31/2007	
	31	30	31	184	366	31	
Revenue							
Gross for Month - North & South	131,325,505	121,772,557	135,209,065	\$ 776,461,429	\$ 1,384,127,824	\$ 112,502,936	\$ 9,552,948
Net Revenue - North & South	35,598,466	35,902,350	36,772,078	\$ 216,498,867	\$ 398,939,675	\$ 33,975,887	\$ (303,884)
Net:Gross %	27.1%	29.5%	27.2%	27.9%	28.8%	30.2%	-2.4%
Last 3 Month Daily Average (Gross)	4,220,730	4,220,938	4,272,189	\$ 4,219,899	\$ 3,781,770	\$ 3,638,574	\$ (209)
Last 3 Month Daily Average (Net)	1,176,879	1,194,291	1,185,538	1,176,624	1,089,999	1,103,199	(17,412)
Cash Collections							
Month to Date	32,283,637	30,523,393	34,533,647	\$ 196,687,852	\$ 403,728,413	\$ 32,376,467	\$ 1,760,244
Month to Date Goal	35,998,045	35,998,045	35,998,045	215,988,270	396,657,548	33,582,023	-
Over (under) Goal	(3,714,408)	(5,474,652)	(1,464,398)	(19,300,418)	7,070,865	(1,205,556)	1,760,244
% of Goal	90%	85%	96%	91.1%	101.8%	96.4%	4.9%
Point of Service Collections							
Cash 15 days	370,905	372,808	507,339	\$ 2,337,504	\$ 3,387,302	\$ 205,007	\$ (1,903)
Month to Date Goal	370,000	360,000	360,000	2,095,400	3,843,000	328,000	10,000
Over (under) Goal	\$ 905	\$ 12,808	\$ 147,339	\$ 242,104	\$ (455,698)	\$ (122,993)	\$ (11,903)
% of Goal	100.2%	103.6%	140.9%	111.6%	88.1%	62.5%	-3.3%
Accounts Receivable							
0-30	105,050,196	114,991,132	126,612,161		\$ 82,995,765	\$ 91,763,515	\$ (9,940,936)
31-60	56,192,904	36,672,980	34,511,668		25,895,259	29,336,477	19,519,924
61-90	29,692,075	21,839,340	21,062,966		14,408,929	17,767,927	7,852,735
91-180	37,425,587	35,546,397	32,286,279		23,299,340	27,222,624	1,879,190
Over 180	21,172,582	19,692,637	19,852,295		19,271,702	23,439,829	1,479,945
Total	\$ 249,533,344	\$ 228,742,486	\$ 234,325,369		\$ 165,870,995	\$ 189,530,372	\$ 20,790,858
A/R Days (Gross)	59.12	54.19	54.85		43.54	52.09	4.93
% of AR aged over 180 days	8.5%	8.6%	8.5%		12%	12%	0.00
Number of Accounts	68,805	68,223	67,148		61,570	60,570	582
Credit Balance Accounts:							
Dollars ATB	\$ (4,159,667)	\$ (4,336,639)	\$ (4,481,600)		\$ (3,144,574)	\$ (1,934,496)	\$ 176,972
Number of Accounts ATB	7,341	7,117	6,506		4,136	1,970	224

Revenue Cycle Key Indicators
Trend Report



Source	Current Month End	Previous Month End	Previous Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Current Month End	Change from Prior Month
Period Ending Days in Period	12/31/2008	11/30/2008	10/31/2008	12/31/2008	6/30/2008	12/31/2007	
Accounts Receivable by Major Payer	31	30	31	184	366	31	
Medicare	AR Comp	58,958,017	52,971,805	52,693,991		\$ 32,549,770	\$ 43,023,471 \$ 5,986,212
Last 3 months daily average revenue	Lawson	1,133,775	1,104,023	1,116,205		1,066,927	980,937 \$ 29,752
Gross Days revenue outstanding	Calc	52.00	47.98	47.21		30.51	43.86 4.02
MediCal (Includes M-Cal HMO)	AR Comp	36,528,593	35,626,354	39,756,034		27,638,700	28,574,315 902,239
Last 3 months daily average revenue	Lawson	684,310	719,961	759,790		660,788	613,369 (35,651)
Gross Days revenue outstanding	Calc	53.38	49.48	52.33		41.83	46.59 3.90
Comm/Managed Care (Incl Mcare HMO)	AR Comp	116,308,270	103,047,578	105,151,473		78,740,548	84,843,423 13,260,692
Last 3 months daily average revenue	Lawson	2,178,492	2,143,993	2,134,650		1,908,593	1,873,393 34,499
Gross Days revenue outstanding	Calc	53.39	48.06	49.26		41.26	45.29 5.33
Self-Pay	AR Comp	37,738,464	37,096,749	36,723,870		26,941,976	33,089,164 641,715
Last 3 months daily average revenue	Lawson	224,152	252,961	261,543		172,970	170,875 (28,809)
Gross Days revenue outstanding	Calc	168.36	146.65	140.41		155.76	193.65 21.71
Accounts to Collections							
M-T-D Amount of BD to Collections	Adj Rpt	2,355,662	6,590,383	3,367,848	23,191,902	9,805,788	2,854,390 \$ (4,234,721)
% of Gross Revenue (Target < 2%)		1.8%	5.4%	2.5%	0.03	8.6%	2.5% -3.6%
Charity & Undocumented Write-offs	Adj Rpt						
M-T-D Amount		1,828,597	1,479,951	1,559,242	9,308,109	2,847,359	2,331,704 \$ 348,646
% of Gross Revenue (Target < 2%)		1.4%	1.2%	1.2%	1.2%	2.5%	2.1% 0.2%
Administration Adjustments	Adj Rpt						
M-T-D Amount		33,228	27,451	187,416	637,652	624,358	496,745 \$ 5,777
% of Gross Revenue (Target < 1%)		0.0%	0.0%	0.1%	0.1%	0.5%	0.4% 0.0%

FISCAL YEAR 2009
 Revenue Cycle Key Indicators
 Trend Report



Source	Current Month End	Previous Month End	Previous Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Current Month End	Change from Prior Month
Period Ending	12/31/2008	11/30/2008	10/31/2008	12/31/2008	6/30/2008	12/31/2007	
Days in Period	31	30	31	184	366	31	
Discharged Not Final Billed (DNFB)							
DNFB Action Required							
HIM (Waiting for Coding) DNFB Rpt	\$ 6,166,080	\$ 5,952,202	\$ 6,622,694		5,423,822	17,001,618	\$ 213,878
PBS (Correction required) DNFB Rpt	33,217	42,018	643,291		100,312	771,118	\$ (8,801)
Other holds requiring correction DNFB Rpt						-	\$ -
Total Action Required	6,199,297	5,994,220	7,265,985		5,524,134	17,772,736	205,077
# of AR Days action Required	1.47	1.42	1.70		1.45	4.88	0.05
DNFB No Action Required							
4 Day Standard Delay DNFB Rpt	\$ 23,636,849	\$ 17,021,766	\$ 18,481,084		18,224,428	20,420,634	\$ 6,615,083
Other DNFB Rpt	41,542,437	35,979,766	3,280,990		1,918,384	2,787,499	5,562,671
Total No Action Required	65,179,286	53,001,532	21,762,074		20,142,812	23,208,133	12,177,754
Total DNFB	\$ 71,378,583	\$ 58,995,752	\$ 29,028,059		25,666,946	40,980,869	12,382,831
Total Days in DNFB	16.91	13.98	6.79		6.74	11.26	2.93
Late Charges							
Late Charges from Date of Service 5 to 20 Days							
Number of line items	9,057	9,310	3,522	53,484	8,261	2,076	(253)
Dollar amount of Charges	1,554,308	722,749	822,760	7,536,300	949,778	405,959	\$ 831,559
Dollar amount of Credits	(820,412)	(502,333)	(231,260)	(5,010,264)	(660,172)	(115,628)	\$ (318,079)
Net Dollar Amount	733,896	220,416	591,500	2,526,036	289,606	290,331	\$ 513,480
Absolute Dollar Amount	\$ 1,554,308	\$ 1,225,082	\$ 822,760	\$ 8,038,633	\$ 949,778	\$ 405,959	\$ 329,226
Late Charges from Date of Service > 21 Days							
Number of line items	14,740	17,272	5,568	76,882	95,068	33,014	(2,532)
Dollar amount of Charges	4,950,589	3,441,304	789,449	13,076,474	1,987,236	568,410	1,509,285
Dollar amount of Credits	(1,911,003)	(3,645,219)	(847,746)	(11,899,171)	(1,321,540)	(422,159)	1,734,216
Net Dollar Amount	3,039,586	(203,915)	(58,297)	1,177,303	665,696	146,251	3,243,501
Absolute Dollar Amount	\$ 6,861,592	\$ 7,086,523	\$ 1,637,195	\$ 24,975,645	\$ 3,308,776	\$ 990,570	\$ (224,931)

SUPPLEMENTAL INFORMATION

Jan-09	Jan 2-Jan 8	Jan 9-Jan 15			MTD Total	MTD Budget	% Variance
ADC (Acute)	302	311	0	0	307	311	(1.56)
PMC	239	236	0	0	238	231	2.90
POM	63	75	0	0	69	81	(14.32)
PCCC	89	90	0	0	89	85	4.88
VP	119	119	0	0	119	124	(4.32)
Patient Days (Acute)	2115	2177	0	0	4,292	4,360	(1.56)
PMC	1671	1654			3,325	3,231	2.90
POM	444	523			967	1,129	(14.32)
PCCC	620	630			1,250	1,192	4.88
VP	831	830			1,661	1,736	(4.32)
Discharges	494	554	0	0	1,048	1,130	(7.26)
PMC	379	431			810	846	(4.26)
POM	115	123			238	284	(16.20)
Number of Surgeries	247	262	0	0	509	467	8.99
PMC	167	171			338	322	4.97
POM	80	91			171	145	17.93
Number of Births	82	97	0	0	179	205	(12.68)
PMC	67	73			140	159	(11.95)
POM	15	24			39	46	(15.22)

Jan-09	Jan 2-Jan 8	Jan 9-Jan 15			MTD Total	MTD Budget	% Variance
Outpatient Visits (inc. Lab)	2395	2086	0	0	4,481	4,112	8.97
PMC	1626	1350			2,976	2,806	6.06
POM	769	736			1,505	1,306	15.24
ER Visits	1745	1721	0	0	3,466	3,477	(0.32)
PMC	1199	1175			2,374	2,379	(0.21)
POM	546	546			1,092	1,098	(0.55)
Trauma Visits	20	26	0	0	46	47	(2.13)
IP	19	22			41	42	(2.38)
OP	1	4			5	5	0.00
Gross IP Revenue	22,530,661	21,989,414			44,520,075	43,930,510	1.34
Gross OP Revenue	7,922,734	9,038,947			16,961,681	13,603,157	24.69
Cash Collection	9,132,559	7,605,549			16,738,108	17,999,023	(7.01)
Days cash on hand	94	95			95	80	
Prod Hrs (PP 14)	180,945				180,945	204,030	11.31
PMC - North	113,787				113,787	120,756	5.77
POM - South	49,783				49,783	57,121	12.85
Others	17,375	-	-	-	17,375	26,153	33.56
Prod \$ (PP 14)	5,948,806				5,948,806	6,685,734	11.02
PMC - North	3,814,957				3,814,957	3,967,375	3.84
POM - South	1,578,035				1,578,035	1,826,169	13.59
Others	555,814	-	-	-	555,814	892,190	37.70

Investment Fund - Quarter Ended December 31, 2008 Yield Analysis

Investment Account:	% of Portfolio at 12/31/08	Maturity Date	Yield	Benchmark		Actual to Benchmark Variance	Total Yield
Fidelity-Institutional Portfolio Treasury Fund	1.20%	Demand	0.38%	0.30%	(1)	0.08%	0.00%
State Treasurer Local Agency Investment Fund	12.95%	Demand	2.54%	0.30%	(1), (2)	2.24%	0.33%
Salomon Brothers	43.50%	Various	4.60%	4.80%	(3)	-0.20%	2.00%
				-21.90%	(4)	26.50%	
Pacific Income Advisors, Inc.	41.89%	Various	3.20%	3.00%	(5)	0.20%	1.34%
				-21.90%	(4)	25.10%	
Morgan Stanley & Co.	0.47%	Various	1.09%	0.30%	(1)	0.79%	0.01%
Total:	<u>100.00%</u>					TOTAL YIELD:	<u>3.68%</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&P 500
- (5) LB 1-3 yr Government Credits

**PALOMAR POMERADO HEALTH
INTERNAL AUDIT AND COMPLIANCE COMMITTEE CHARTER**

I. Purpose.

The Internal Audit and Compliance Committee ("Committee") will assist the Board in the following items.

Provide review of:

- The integrity of PPH's financial statements.
- PPH's compliance with legal and regulatory requirements.
- The selection, performance, qualifications and independence of external auditors.
- The performance of PPH's internal audit function.

The Committee will ensure PPH's compliance program prevents and detects violations of law.

The Committee will strive to improve and promote PPH's internal audit and compliance policies, procedures and practices. The Committee will foster open communication among external and internal auditors, compliance, finance, senior Administration, and the Board. The Committee may obtain assistance from outside accounting, legal, or other consultants to resolve issues the Committee believes necessary to protect the organization. The Director of Corporate Compliance may also access outside legal counsel for certain sensitive compliance issues, with prior approval of the General Counsel or the Board Chair. It is expected these situations will occur in limited circumstances. PPH will provide funds to pay for the consultants.

The Committee Chair shall regularly report to, and review with the Board, any issues that arise with respect to the quality, operations, and integrity of PPH's internal audit and compliance functions.

II. Committee Membership.

A. Composition.

The Committee shall be composed of three independent board members. The Director of Internal Audit and the Compliance Officer will be committee members without vote. To maintain their independence, Committee members may not accept any fee for services from PPH, other than in the capacity as board members.

The Board will appoint Committee members and the Committee Chair. Members of the Committee are not required to be engaged in the accounting and auditing profession. However, it is preferred that at least one member of the Committee shall have past employment expertise in finance or accounting, requisite professional certification in accounting or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities or accounting or related financial management expertise. At the discretion of the Committee Chair, the Committee may select a member of the community to be an advisory member of the Committee. The Director of Internal Audit will provide ongoing training to Committee members to establish the required level of expertise.

Each member shall be knowledgeable in healthcare regulations or must become knowledgeable within a

reasonable period of time after appointment to the Committee. Members are not required to be engaged in the compliance profession and, consequently, some members may not have expertise in regulatory matters; however, the Compliance Officer will provide ongoing training to establish the required level of expertise.

B. Frequency of Meetings.

The Committee will meet at least once during each fiscal quarter, or more frequently as circumstances dictate and as necessary to fulfill its responsibilities. At the conclusion of each Committee meeting, the General Counsel, the Director of Internal Audit, and the Director of Corporate Compliance will each meet individually with the Committee, without Administration present, to discuss any issues or concerns. The Committee will also meet annually with the Director of Internal Audit, the Compliance Officer, external auditors, and Administration to discuss the annual Audit and Compliance Plans, and audited financial statements.

III. Duties and Responsibilities.

The Committee shall have the following responsibilities:

- 1.) Maintain meeting minutes.
- 2.) Annually review its charter and any Committee policies and recommend any changes to the Board or Governance Committee.
- 3.) Meet regularly with the Board which may include closed sessions.
- 4.) Review and discuss with Administration and the Director Internal Audit PPH's annual financial statements, all internal control reports and any relevant reports provided by external auditors.
- 5.) Appoint external auditors, with the approval of the Board. Oversee the work performed by the Internal Audit and Compliance departments for the purpose of preparing or issuing an audit or compliance report. Approve the overall audit scope and ensure audits are conducted in an efficient and cost-effective manner. Oversee the resolution of any issues between Administration and the Director of Internal Audit or the Compliance Officer.
- 6.) At least annually, obtain and review a report by the external auditors. The report shall include:
 - the external auditors' internal control procedures;
 - material issues arising the most recent internal control review, peer review, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more external audits carried out by the firm, and any steps taken to deal with any such issues.
- 7.) At least annually, obtain and review a report by a qualified independent authority, describing an assessment of the Director of Internal Audit and the Compliance Officer's independence, all relationships between the Director of Internal Audit and the Compliance Officer and PPH.
- 8.) Receive periodic reports on audit and compliance program's current policies and procedures, any changes to the compliance program, and the reasons behind the changes.

9.) Review and pre-approve both audit and non-audit services to be provided by the external auditors in accordance with the pre-approval policies and procedures. For services not requiring pre-approval under such policies and procedures, Administration shall inform the Committee of the nature of the project and the related fees with respect to such services provided by the external auditors. The Committee may delegate the authority to grant pre-approval to one or more members of the Committee with any such pre-approval reported to the Committee at its next regularly scheduled meeting.

10.) Review the integrity of PPH's financial reporting processes and the internal control structure.

11.) Review with Administration and external auditors, major issues regarding accounting principles and financial statement presentations, including any significant changes in PPH's selection or application of accounting principles, major issues as to the adequacy of PPH's internal controls and any special audit steps adopted in light of material control deficiencies.

12.) Review analyses prepared by Administration and external auditors, describing significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

13.) Review with Administration the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of PPH.

14.) Review with Administration and the Compliance Officer and Director of Internal Audit any correspondence from or with regulatory agencies, any employee complaints or any published reports that raise material issues regarding PPH's financial statements, financial reporting process, internal audit controls or accounting policies.

15.) Require the CEO and CFO of PPH certify the financial reports as to the following: they have reviewed the report, the report does not contain any untrue statement of a material fact or a material omission, the financial statements fairly present the financial condition of the corporation, the certifying individuals have designed and evaluated systems of internal controls to make sure they that are aware of material information concerning the corporation's operation, the signers have disclosed to the auditors and the Committee any deficiencies in the controls as well as any fraud involving Administration or other key employees.

16.) Establish procedures for the receipt, retention and treatment of complaints received by PPH regarding regulatory, accounting, internal accounting controls or auditing matters. The Committee shall also establish procedures for the confidential and anonymous submission by employees regarding questionable matters.

17.) Consider the rotation of the lead audit partner and reviewing partner for PPH's independent audit firm every five (5) years.

18.) Commission periodic audits, as the Committee deems necessary, to monitor the implementation and integrity of the compliance program.

19.) Maintain audit and compliance records for seven (7) years.

20.) Review the appointment, termination, and replacement of the General Counsel, the Compliance Officer and the Director Internal Audit. Meet periodically with the Compliance Officer and Director of Internal Audit to discuss responsibilities, budget and staffing of PPH's internal audit and compliance functions and any issues the Compliance Officer and Director Internal Audit believes warrant Committee attention. The Committee shall discuss with the Compliance Officer and Director Internal Audit any significant material reports to Administration prepared by the Compliance Officer and Director Internal Audit and any responses from Administration.

21.) The Committee and the CEO must be in agreement on the performance appraisals of the General Counsel, the Director of Internal Audit, and the Director of Compliance. The performance appraisals for those positions will be prepared by the CEO and provided to the Committee for discussion and input. The CEO and the Committee chair will meet with the employee to discuss the performance appraisal. The Committee will receive a copy of the employee's written response to the performance appraisal. The Committee will also receive a copy of any other documentation regarding the employee's performance. The employee has the right at any time to access the Committee or the Board pertaining to issues relating to employment. At no time will any retribution or retaliation be tolerated against the employee for challenging an employment action or reporting an issue to the Board. The Committee will conduct compensation reviews of the General Counsel, the Director of Internal Audit, or the Director of Compliance. The Committee must agree upon changing any terms or conditions of employment for those positions including changes in severance agreements. The amount of severance for each of these positions shall be for one (1) year.

22.) Reserved.

23.) Direct special investigations for the Board.

24.) Keep current on changes in the laws and regulations affecting the Committee.

25.) Perform any other activities consistent with this Charter, PPH's Bylaws and governing law, to fulfill its responsibilities and duties.

26.) Ensure implementation of an annual customer satisfaction survey for the internal audit and compliance functions. The Director of Internal Audit and Compliance Officer will make quarterly reports to the Committee regarding the percent of implemented audit recommendations, areas where the audit and compliance functions can reduce costs, avoid risks, and enhance revenue.

27.) Periodically review PPH's ethics and compliance training program to determine the scope and effectiveness of the program and assess the return on its investment.

28.) Periodically review the compliance program's procedures for the receipt, retention, and treatment of complaints to ensure the procedures require actions that are responsive, corrective, and confidential.

29.) Receive periodic reports from the Compliance Officer on the implementation of the compliance program, including PPH's efforts to educate its employees on compliance issues, promote adherence to applicable laws and regulations, and investigate any alleged compliance violations reported

through the compliance program.

30.) Make any recommendations the Committee believes necessary and appropriate to the Board regarding changes to the compliance program.

31.) Periodically review, along with the Compliance Officer, or seek credible reports on specific risk exposures, the steps taken to monitor and mitigate exposure, and the compliance program's ability to identify such exposures.

32.) Periodically review, or seek credible reports on, the effectiveness of PPH's Compliance Program and how Administration measures the program's effectiveness.

33.) Review, in conjunction with the Director of Internal Audit, any known significant disputes between Administration and PPH's internal or external auditors concerning matters of regulatory and corporate compliance, as well as Administration's responses to those disputes.

34.) Monitor any audits or examinations by governmental or other regulatory agencies as applicable.

35.) Perform any other actions consistent with this Charter, Bylaws, or as the Board deems necessary.

IV. Outsourcing of Certain Investigations.

The Committee may utilize an independent investigator to review certain situations which may impair the objectivity of audit or compliance staff. This outsourcing will occur after the General Counsel consults with the Committee and Board, and the Board directs the General Counsel to hire an outside investigator. The following are examples of situations where the investigation may be outsourced. These situations are examples only and are not meant to limit the circumstances where an independent investigator may be used.

-Irregularities in travel and entertainment expenses incurred by Board and senior leadership. On an annual basis, the Director of Internal Audit will meet with the Internal Audit and Compliance Committee, and certify to the Committee that all travel expenses of the Board, CEO, and the Executive Management Team were appropriate.

-Allegations against senior leadership, including, but not limited to, inappropriate conduct, fraud, sexual harassment, and misappropriation of funds.

-Independent review of key decisions where PPH does not have sufficient staff to conduct the review, or where there may be a conflict of interest with current staff.

-Audit of governance activities/processes.

V. Scope of Authority.

The Board delegates to the Committee its power and authority to perform the duties and responsibilities under this Charter. The Committee may carry out any other responsibilities and duties delegated to it by the

Board. Administration is responsible for the preparation, presentation and integrity of PPH's financial statements as well as PPH's financial reporting process, accounting policies and procedures, internal accounting controls and disclosure controls and procedures. The independent auditor is responsible for conducting an annual audit of PPH's financial statements, and expressing an opinion as to the conformity of such annual financial statements with generally accepted accounting principles. The Compliance Officer is responsible for conducting an annual evaluation of PPH's Compliance Program, and expressing an opinion as to the conformity of the program with regulatory requirements. Each member of the Committee shall be entitled to rely on the integrity of those persons within PPH and of the professionals and experts from which the Committee receives information and, absent actual knowledge to the contrary, the accuracy of the financial and other information provided to the Committee by such persons, professionals or experts. It shall be within the purview of the Committee to request Internal Audit staff review subjects to be audited as appropriate.

VI. Reporting Relationships.

The General Counsel, the Director of Internal Audit, and the Compliance Officer shall have dual reporting relationships to both the CEO and the Committee. This is further described in the attached chart.

December 18, 2008

Annual Review of Board Finance Committee Bylaws

TO: Board of Directors

MEETING DATE: Monday, February 9, 2009

FROM: Board Finance Committee
Tuesday, January 27, 2009

BY: Bob Hemker, CFO

Background: Annually, the Board Finance Committee is required to review the Bylaws of Palomar Pomerado Health as they relate to the Committee (*excerpt attached*) and recommend any necessary revisions. The Bylaws were amended in 2008 to reflect a reduction in members of the Board from four to three.

Budget Impact: None.

Staff Recommendation: Recommend approval of existing Bylaws without further revision.

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the existing Bylaws as they relate to the Committee with no revisions.

Motion: X

Individual Action:

Information:

Required Time:

DESIGNATION OF SUBORDINATE OFFICERS OF THE DISTRICT

TO: Board of Directors

MEETING DATE: Monday, February 9, 2009

FROM: Board Finance Committee
Tuesday, January 27, 2009

BY: Bob Hemker, CFO

Background: Attached for the Board's review and approval is a Resolution designating current officers of the District. This Resolution supersedes previous such Resolutions. The designation begins with the President and CEO and includes those members within the Executive Management Team who have been granted signature authority for the District. In addition, for certain banking matters, specified individuals from the Finance Department need to be designated as authorized non-officer signatories.

There are various requests for the production of this designation of officers of the District, including that for "corporate" officers. The CEO is granted authority by District Bylaws to designate officers; the State of California requires approval by the Board.

Budget Impact: N/A

Staff Recommendation: Staff recommends approval Resolution of the Board of Directors of Palomar Pomerado Health Designating Subordinate Officers of the District.

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the Resolution of the Board of Directors of Palomar Pomerado Health Designating Subordinate Officers of the District.

Motion:

Individual Action: X

Information:

Required Time:

RESOLUTION NO. 02.09.09 (01) – 01

**RESOLUTION OF THE BOARD OF DIRECTORS
OF PALOMAR POMERADO HEALTH
DESIGNATING SUBORDINATE OFFICERS OF THE DISTRICT**

WHEREAS, Palomar Pomerado Health (the “District”) is a local health care district duly organized and existing under The Local Health Care District Law, constituting Division 23 of the Health and Safety Code of the State of California (the "District Act"); and

WHEREAS, the Board of Directors (the “Board”) has the authority to designate subordinate officers under Section 7.9 of the District Bylaws; and

WHEREAS, for purposes of conducting District business and to meet certain operational requirements, the Board desires to designate the subordinate officers described herein; and further designates other non-officers described herein;

NOW, THEREFORE, BE IT RESOLVED, that the following subordinate officers and non-officer subordinates of the District are hereby designated, which designation supersedes previous such resolutions:

President and CEO
Chief Administrative Officer – Palomar Medical Center
Chief Administrative Officer – Pomerado Hospital
Chief Financial Officer
Corporate Controller
Manager General Accounting

PASSED AND ADOPTED at a meeting of the Board of Directors of Palomar Pomerado Health held on February 9, 2009, by the following vote:

AYES:

NOES:

ABSTAINING:

ABSENT:

Dated: February 9, 2009

ATTESTED:

BY: Bruce G. Krider, MA
Chair, Board of Directors
Palomar Pomerado Health

Nancy L. Bassett, RN, MBA
Secretary, Board of Directors
Palomar Pomerado Health

Independent Citizens' Oversight Committee
Approval of Minutes from Annual Meeting, September 23, 2008

TO: Board of Directors

MEETING DATE: Monday, February 9, 2009

FROM: Board Finance Committee
Tuesday, January 27, 2009

BY: Bob Hemker, CFO

Background: On Tuesday, September 23, 2008, the Palomar Pomerado Health Hospital, Emergency Care, Trauma Center Improvement and Repair Measure Bonds Independent Citizens' Oversight Committee (ICOC) held their annual meeting.

Pursuant to §6.4 of the ICOC PP&G, a draft report of all ICOC meetings is to be submitted to the District Board for inclusion in the Board's public records. The draft minutes from the Annual Meeting of September 23, 2008, have been reviewed by the Chair and the Secretary of the ICOC and approved for presentation to the ICOC members and the District Board.

Budget Impact: N/A

Staff Recommendation: Approval of the draft minutes from the ICOC Annual Meeting held on September 23, 2008.

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the draft minutes from the ICOC Annual Meeting held on September 23, 2008, for inclusion in the Board's public records.

Motion: X

Individual Action:

Information:

Required Time:

PARTICIPANT ROSTER
PALOMAR POMERADO HEALTH
HOSPITAL, EMERGENCY CARE, TRAUMA CENTER IMPROVEMENT AND REPAIR MEASURE BONDS
INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE
ANNUAL MEETING

Palomar Pomerado Health, 15255 Innovation Drive, San Diego, CA

PARTICIPANTS	MEETING DATES							
	7/12/05	10/5/05	3/28/06	12/19/06	12/18/07	9/23/08		
MEMBERS								
WILLIAM C. BONNER (AT LARGE)						P		
WILLIAM L. CORWIN (AT LARGE)	P	P	P	P	P	P		
MARGUERITE JACKSON DILL, PHD, RN, FAAN (NURSE)				P	P	P		
EDWARD R. LEHMAN (SR CITIZENS' ORG)	P	P	P	P	P	A		
JOHN McIVER (BUSINESS ORG) – SECRETARY	P	P	P	P	P	P		
MARGARET MOIR (AT LARGE)	P	P	P	P	P	P		
H. SCOTT PECK (AT LARGE)						P		
BOB WELLS (TAXPAYERS' ORG) – VICE CHAIR	P	P	E	P	P	P		
STEPHEN P. YERXA (AT LARGE) – CHAIR	P	P	P	P	P	P		
DISTRICT SUPPORT STAFF								
BOB HEMKER, CFO	P	P	P	P	P	P		
TANYA HOWELL, EXECUTIVE ASST – SCRIBE	P	P	P	P	P	P		
JANINE SARTI, GENERAL COUNSEL						P		
GUEST(S)								
KATHLEEN LEAK, BOND COUNSEL - ORRICK, HERRINGTON & SUTCLIFFE			P	P	P	E		

[P = Present E = Excused A = Absent]

**Independent Citizens' Oversight Committee (ICOC)
Meeting Minutes – Tuesday, September 23, 2008**

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
<p>I. CALL TO ORDER & ROLL CALL</p>	<p>The meeting was called to order at 2:05 p.m. by Acting Chair Steve Yerxa, followed by roll call.</p> <p><i>See roster for attendance</i></p> <p>Bob Hemker stated that General Counsel to the ICOC/PPH Bond Counsel Kathleen Leak was available by phone if any portion of the meeting required assistance from her.</p> <ul style="list-style-type: none"> • Leonard Martin & Charles Hare were introduced as members of the public interested in observing the meeting. They did not wish to address the Committee. • Joanna Sainmervil was introduced to the Committee. She is serving an Administrative Fellowship at PPH. 	
<p>II. PUBLIC COMMENTS</p>	<ul style="list-style-type: none"> • None 	
<p>III. INFORMATION ITEM(S)</p>	<ul style="list-style-type: none"> • Bob Hemker informed the Committee that PPH is currently in the process of preparing the next issue of General Obligation (GO) Bonds <ul style="list-style-type: none"> o The transaction is scheduled to finalize around mid-November, in the amount of \$110M principle proceeds o Timing is consistent with the overall Plan of Finance (PoF), which integrated GO Bonds and Revenue Bonds <ul style="list-style-type: none"> ■ The last issue of Revenue Bonds was via a Certificates of Participation (CoP) tool ■ Continue to see the use of both instruments o Prior issuance history: <ul style="list-style-type: none"> ■ 2005 were GOs ■ 2006 were CoPs ■ 2007 were GOs ■ 2008 will be GOs and conversion of the 2006 monies, currently traded as Auction Rate Securities (ARS) <ul style="list-style-type: none"> ▲ The conversion would provide the potential for a fixed instrument for those bonds, which would be more favorable based on the current status of the market o The primary driver for choice of bonds to use when paying for goods and services is their 	

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	<p>allowability</p> <ul style="list-style-type: none"> ■ Revenue bonds can be used for anything under the Facilities Master Plan (FMP) ■ GO Bonds are restricted in their usage <ul style="list-style-type: none"> ▲ Most notable is that GO monies cannot be used for movable equipment ■ Expenditures are initially paid out of hospital funds <ul style="list-style-type: none"> ▲ Then the items are bundled together for the monies to be drawn from the appropriate GO or Revenue Bonds to reimburse those expenditures o There are also spend-down rules for various types of bonds to maintain their tax-exempt status o Although the ICOC had requested to meet more frequently than once a year, those extra meetings have not occurred as there were no bond expenditures on which to report • Discussion of the impact of the fires and the market regarding assessed values in the District <ul style="list-style-type: none"> o Nominal economic impact to assessed values <ul style="list-style-type: none"> ■ We are seeing rebuilding from the 2003 and 2007 wildfires ■ Subprime average growth is not showing double-digit increases ■ We are still ahead of projections and calculations of 5.6% average growth ■ Used the services of Citigroup to make our projections ■ Haven't seen anything to suggest a risk to the tax levy rate as calculated o Measure BB approves the amount of bonds limit, but there were no restrictions on the tax levy amount <ul style="list-style-type: none"> ■ PPH targeted the \$17.75/\$100,000 of assessed value, and the upcoming GO Bond issue will keep to that o On a side note unrelated to the GO Bonds, the 2006 Revenue ARS Bonds reset on Monday, Tuesday and Wednesday each week <ul style="list-style-type: none"> ■ 1/3 of the total bonds issued resets on each of those days ■ Last week had some of lowest resets ever; this week has some of the highest o The market is still very strong for protected bonds <ul style="list-style-type: none"> ■ Pension funds' portfolios are required to have AAA bonds in them ■ If a bond insurer were to lose that rating, fund investors might have to dump that bond from their portfolios • Terms of office for ICOC members <ul style="list-style-type: none"> o Terms were originally staggered to allow continuity of membership o Newly appointed members will have a two-year term, followed by one consecutive two-year term o Will start truing up, which on advice of counsel is okay <ul style="list-style-type: none"> ■ Some will cycle off disproportionately 	<p style="text-align: right; font-size: 24pt; font-weight: bold;">90</p>

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	<ul style="list-style-type: none"> ■ Mssrs. Lehman, Wells & Yerxa will all have served their final term of office on June 30, 2009 • A copy of the Procedures, Policies & Guidelines (PP&G) was included in the agenda packet <ul style="list-style-type: none"> ○ Informational materials, provided for reference, especially since we have two new members, on which Mr. Hemker would be happy to speak to if anyone desired ○ No further discussion • PPH's financial statements will be embedded into the latest bond offerings <ul style="list-style-type: none"> ○ The ICOC will receive a courtesy copy of the audited financials when they are finalized <ul style="list-style-type: none"> ■ Will allow them to see how GO Bonds are handled on the books ○ GO Bond reimbursements go through several levels of review <ul style="list-style-type: none"> ■ Staff reviews to assure everything is reimbursed with appropriate funds ■ Procedural flow of a reimbursement (example): <ul style="list-style-type: none"> ▲ PPH purchases steel ▲ DPR, the construction management company, reviews the invoice for propriety (e.g., appropriate for tonnage received, in conformity with the contract), then approves the invoice for payment ▲ Then signed off by the in-house facilities team (Mike Shanahan and George Gigliotti) ▲ Then the invoice is forwarded to the to General Finance Department through a purchase order for payment ▲ Controller and/or the Manger of General Accounting reviews to ensure it ties out as appropriate to be reimbursed with GO Bonds, then records it via fixed asset account for reporting purposes ▲ Funds requests are then compiled into memorandums outlining expenditures PPH has made, and Bob Hemker makes a request to draw from bond proceeds <ul style="list-style-type: none"> (a) If Mr. Hemker is out of office and has transferred office responsibilities to the Controller (via memo to the PPH Board and CEO), then Controller can make the formal request (b) Can also ask the Trustee to pay a vendor directly ▲ Staff also does a reconciliation of bank accounts, looking at the same documents provided to the ICOC to ensure they tie out and total <ul style="list-style-type: none"> (a) Also reviewing to confirm expenditures are for capitalizable assets ■ Time element, beginning to end? <ul style="list-style-type: none"> ▲ Assuming timely submission of invoice – as short as 30-45 days <ul style="list-style-type: none"> (a) Will take advantage of all discounts available ▲ Tries to keep cycling to reimbursement in a 30-day window for payments made from PPH working capital and then reimbursed from trusteeed bond funds 	

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	<ul style="list-style-type: none"> ■ External audit staff actually verifies bonds compliance <ul style="list-style-type: none"> ▲ They do a statistical sampling of the balance sheet and the profit & loss statement (P&L) ■ GO Bonds reside in the audited financial statements utilizing Governmental Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB) principles ■ Although it doesn't reduce the role of the ICOC, there are about 7 levels of touch-point and validation point review and confirmation before the documentation gets to the ICOC ■ There are also logistical challenges because the GO Bond measure covers multiple assets and multiple financing areas ○ When we developed Measure BB, there was a value added in terms of responsibility to elect an ICOC <ul style="list-style-type: none"> ■ Hospital districts are not required to do so by statute 	
IV. OATH OF OFFICE	<p>In unison, right hands raised, new and reappointed members (William C. Bonner & H. Scott Peck; and William L. Corwin, Marguerite Jackson Dill, John McIver & Margaret Moir, respectively) simultaneously read the Oath of Office, then signed copies for their files and for the record.</p>	<p>A shorter method of swearing in was requested. <i>At future meetings containing new members, members will be requested to silently read the oath, then raise their right hand and state that they have read, understand and agree to its terms and conditions.</i></p>
V. MINUTES ICOC MEETING DECEMBER 18, 2007	<ul style="list-style-type: none"> • The minutes from the December 18, 2007, meeting were distributed on January 15, 2008, via email. There were three actionable items: <ul style="list-style-type: none"> ○ Bob Hemker responded to Dr. Michael's inquiry and received no further response • Request on page Add B-4 regarding a review of potential conflict issues <ul style="list-style-type: none"> ○ Steve Friar was notified that there would be a potential conflict should his new employer wish to bid on projects, so he resigned from the ICOC ○ Marguerite Jackson Dill's position on the State Hospital Building & Safety Board was deemed by counsel Kathleen Leak to pose no conflict of interest, and she was so informed • The minutes were distributed within 30 days of the meeting, in accordance with Chair Steve Yerxa's request 	<p>MOTION: By Bill Corwin, seconded by Marguerite Jackson Dill, and carried to approve the Minutes of the December 18, 2007, ICOC Meeting.</p>
VI. DISCUSSION AGENDA		
REPORTS		92

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<p>A. SUGGESTED OFFICERS FOR APPOINTMENT BY PPH BOARD OF DIRECTORS</p>	<ul style="list-style-type: none"> • Although the District Board is responsible for final appointment of new members to the ICOC, the Chairs of the District Board and the District's Board Finance Committee have been ceded the responsibility for making officer appointments <ul style="list-style-type: none"> o Recommendation by staff that current officers be appointed o Requesting a recommendation from this group 	<p>MOTION: By Margaret Moir, seconded by Marguerite Jackson Dill and carried to accept the staff recommendation that current officers be re-appointed.</p> <p>No other recommendations</p>
<p>B. BI- ANNUAL MEETINGS OF THE ICOC</p>	<ul style="list-style-type: none"> • Bob Hemker noted that the ICOC is required by the PP&G to hold an annual meeting <ul style="list-style-type: none"> o In prior years, if there was a mid-year need, a meeting would be scheduled at that point, but it was not worthwhile to have a meeting just to meet o What we see coming up with the main project is the spending side is gearing up, and we definitely see opportunity for a mid-year meeting <ul style="list-style-type: none"> ▪ More timely opportunity for review and for the sheer volume of the anticipated information o Steel is supposed to start going up in November, so a visit to the job site will be included as part of the mid-year meeting o We will by then be moved into the new Administrative Offices in the Coral Building across from Palomar Medical Center in Escondido, and the meeting would be held there o Are there any obvious limitations by the group, at least at this point, regarding having workable dates of those listed? o Margaret Moir encouraged that a meeting be scheduled now instead of waiting o Suggested mid-month dates in April were suggested as the March close would be completed by then 	<p>MOTION: By Steve Yerxa, seconded by Bob Wells and carried to schedule the mid-year meeting on Tuesday, April 21, 2009; with Tuesday, May 12, 2009, to be held as a back-up in case of an unavoidable conflict</p>
<p>A. FACILITY MASTER PLAN (FMP) – STATUS REPORT</p>	<p>Utilizing the presentation included in the agenda packet as Addendum C, Bob Hemker gave the Committee an overview of the current status of the FMP projects. Highlighted were:</p> <ul style="list-style-type: none"> • Seismic at McLeod Tower <ul style="list-style-type: none"> o Office of Statewide Health Planning & Development's (OSHPD) ruling regarding the seismic rating of SPC1 (with a deadline for completion of seismic safety compliance of 2013) was submitted under appeal for re-evaluation o We were one of the first hospital entities to go back for reconsideration, and the rating was upgraded to an SPC2, which extended our deadline for seismic compliance to 2030 <ul style="list-style-type: none"> ▪ Now there's a backlog and a long waiting list, which the District avoided by acting quickly o Creates additional flexibility surrounding PMC East as to timing, needs, opportunity for bed capacity and how we can use that space for market share growth between 2013 & 2030 • Initially, seismic remediation was one of the key drivers to the FMP, but the needs of the future (e.g., bed capacity and new delivery abilities for healthcare) were also of prime concern to the District <ul style="list-style-type: none"> o PMC East is certainly usable, and now we have extra beds for future needs 	<p>Information only</p> <p style="text-align: right; font-size: 24pt;">93</p>

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	<ul style="list-style-type: none"> o Now have additional capacity to provide women's services, acute rehab and behavioral medicine o Under SPC1 rating, the District could have used McLeod Tower for ambulatory services, offices, etc., but it couldn't have been used for acute inpatient beds • Would McLeod Tower expenditures still be eligible for reimbursement from Measure BB monies? <ul style="list-style-type: none"> o Measure BB authorized the use of proceeds to meet the District's purposes of what it does as a hospital/healthcare district, including acquisition, repair and replacements of lands and buildings – both new & used; as well as allowing for refurbishment of existing assets as long as they were within the primary existence of PPH <ul style="list-style-type: none"> ▪ For example, if we said we wanted to turn McLeod Tower into a Sears store – which is totally outside the character and purpose of PPH and would not include of healthcare services, that venture would not be allowable under Measure BB ▪ If we are strengthening it for the intended purpose of healthcare delivery services, then funding would be allowing under Measure BB o As the FMP has evolved, funding dollars have also been moved around <ul style="list-style-type: none"> ▪ There are no requirements in Measure BB for spending specific dollar amounts at any one or the other of the facilities o There is still flexibility with regard to appropriateness of funding through Measure BB <ul style="list-style-type: none"> ▪ If further review proves that expenditures were inappropriately reimbursed from Measure BB funding, the transaction can be reversed and replaced from other funding sources • Cap on complete and total expenses and tie to financial and capital plan is being maintained <ul style="list-style-type: none"> o Intention was always to have some beds shelled (e.g., the floor would be built out, but the actual rooms would be built only as the need developed) <ul style="list-style-type: none"> ▪ The outside walls must be properly sized, and the power plant must be sized for future needs ▪ McLeod Tower was built the same way, with the 8th & 9th floors initially left unfinished o Must also look at continuum of care & efficiency of care o We are utilizing acuity adaptable beds, which can be adapted for different levels of care and will enhance our flexibility and options • Biggest challenge any organization faces is this point in time, when we are expending significant dollars building an asset and not yet benefitting from a revenue producing stream from that asset <ul style="list-style-type: none"> ▪ We're adding capacity, not just replacing size-for-size • Anticipate finishing the building in the second quarter of 2011, being in before 2012 <ul style="list-style-type: none"> o December, January and February are historically high season o Goal is to get into the new building as soon as it is functionally completed for training o Marcia Jackson has taken on the new role of transformation planning 	

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	<ul style="list-style-type: none"> • POM campus <ul style="list-style-type: none"> o During construction of the new tower, the front door will be moved to the rear of building to prevent encumbering patient access o Outpatient services building developed via a joint venture between PPH and a development company <ul style="list-style-type: none"> ▪ Off-balance sheet for PPH as we are landlords to a ground lease to the LLC ▪ PPH will be leasing space on some floors <ul style="list-style-type: none"> (1) Floors 1 & 2 will be used for PPH ambulatory services o Measure BB monies couldn't be used on the outpatient services building as it's not an owned asset, and build-out and tenant improvements are excluded because of that • Black Mountain site <ul style="list-style-type: none"> o Will be utilizing similar joint venture options at Black Mountain, with leasing rights in the ground lease, and no hard monies expended <ul style="list-style-type: none"> ▪ Drawings of the proposed buildings and site plan were included in the presentation • Valley Boulevard in Escondido <ul style="list-style-type: none"> o The Memorandum of Understanding (MOU) with the City states that when the district has purchased five properties on Valley Boulevard, the City will close off that segment and deed it to PPH – no specified time frame for them to actually close the street after the request o The District now owns all property on both sides of that street <ul style="list-style-type: none"> ▪ Closing on the final property is scheduled for mid-December ▪ The District will submit a request for street closure to the City after the property closes escrow ▪ Some of the staff and services from the Innovation building will move to the Coral building, including Administrative staff and HR functions • We are on track with our timelines and still holding to the FMP pricing of \$983M from GO & Revenue Bonds 	
<p>B. DISTRICT EXPENDITURE REPORT FOR FYE JUNE 30, 2008</p>	<p>Utilizing Addendum D of the agenda packet, the annual expenditures were reviewed for appropriateness and consistency with Measure BB authorization:</p> <ul style="list-style-type: none"> • The Committee will be formally reviewing Draws 17-19 for the Series 2005A GO Bonds and Draw 1 for the Series 2007A GO Bonds, with supplemental information through Draws 2&3 for the Series 2007A GO Bonds for expenditures made in FY2009 (<i>Attachment 1</i>) • Key pages will be referenced by their corner page numbers <ul style="list-style-type: none"> o 2 sets of information as they roll forward may appear to be duplication, but the monies from the first statement can be tied to the second <ul style="list-style-type: none"> ▪ D18 – is a summary statement of the Trustee, Wells Fargo's, transactions for FY2008, showing \$4,982,054.88 in expended funds 	<p><i>Information Only</i></p>

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	<ul style="list-style-type: none"> ▪ D20 – shows what the Trustee disbursed out of the monies ○ D23 is an August 2008 Statement with a balance of \$13.98 still there, as we exhausted the funds in the Series 2005 A first issue ○ D28 – begins with Draw 17 (reviewed Draws 1-16 in FY2007) in the amount of \$950K+ ○ D29 – Requisition was signed by Corporate Controller Tim Nguyen, who was given authority administratively to act as CFO during that period of time and signs as himself “for Bob Hemker” <ul style="list-style-type: none"> ▪ Very notable in timing for that draw as, if it crosses over a month, it depletes cash on hand which affects working capital and days cash on hand covenants for the District ○ D31-33 are detailed listings of the actual expenditures behind the draw request ○ D34-35 – Draw 18 requesting \$4,023,887.14, which was the bulk of the Series 2005A funds remaining <ul style="list-style-type: none"> ▪ Bob was out of the office at least a week at that time ▪ Tim is always in contact with Bob and does not take it into his own accord to make draws, even though he has the authority to sign for them ▪ D44 was Draw 19, the final draw on the Series 2005A funds • Discussion of expenditures: <ul style="list-style-type: none"> ○ D32 – There is an expense to JRMC Real Estate dated May 14, 2007 in the amount of \$23,744.59 for A&E and Consulting <ul style="list-style-type: none"> ▪ JRMC is the developer of the ERTC property ▪ Payment was for a source water inventory project (SWIP) ▪ We were required to put in protection systems at the PMC West site to catch rainwater runoff from PPH’s property ▪ JRMC did the work and we repaid them ○ D47 is a recap of draws by vendor name – what is an Honorarium Reversal <ul style="list-style-type: none"> ▪ The District had previously paid speaking or consulting fees for services rendered (categorized as an “Honorarium” in the records), and the ICOC suggested those were not appropriate uses of GO Bond monies ▪ The District agreed and is no longer using GO Bond monies for such items ▪ The Finance Department has done a diligent review of past invoices, and all monies reimbursed for those fees have been placed back into the GO Bond fund • Noting that the members of the ICOC were new to the process, Bob Wells stated that it would be nice to have some document from an outside, nonbiased source to tell the Committee that everything PPH said was accurate, and he would feel much better about his duties. He asked if it would be appropriate to have an outside auditing company review the books and state whether expenditures were made pursuant to Measure BB? <ul style="list-style-type: none"> ○ There is no budget nor are there funds with which the ICOC could hire an independent 	

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	<p>auditor</p> <ul style="list-style-type: none"> o That would also not typically be covered under the scope of services for PPH auditors and would be above & beyond their engagement <ul style="list-style-type: none"> ▪ The District's auditors scope of work includes the indebtedness on the books and where it ties to the asset ▪ Auditors would vouch for that, but they don't do line item accounting on GO Bond monies ▪ There is no document that just states, "These expenditures are valid under Measure BB". • The ICOC's authority is merely to confirm that funds were spent as provided in the authority to expend Measure BB funds <ul style="list-style-type: none"> o The ICOC does not have the authority to speak to whether it was the most efficient use of the monies • PPH has attempted to make the job of review easy for the ICOC in the way the material is assembled <ul style="list-style-type: none"> o Each draw book is tied to a draw, with detailed invoices behind each list of expenditures <ul style="list-style-type: none"> ▪ D35 as an example: A trustee asks, "How do I know you spent that?" <ul style="list-style-type: none"> (1) We would send them the invoices as well as the recap sheets. ▪ D37 – payment to the City of Escondido of just over \$32K was for permits & inspection <ul style="list-style-type: none"> (1) A review of the draw book would provide a copy of the invoice(s) for those funds with signatures of who validated that the work was actually done and that it met contracted terms (2) Handled through paper flow, with the ultimate tie-out becoming the amounts drawn and tying them to the bank account o The ICOC is invited to make random requests to review detailed supporting documents o Margaret Moir arrived early today at 1:00 p.m. and went through invoices on which she had questions <ul style="list-style-type: none"> ▪ She stated that she believed the entire Committee was supposed to be doing that sort of review • Margaret Moir had a problem with the amount being paid CO Architects <ul style="list-style-type: none"> o Have been paid over \$40M o The payment on February 26th included invoices from 2006 & 2007 <ul style="list-style-type: none"> ▪ Work period was all over the place, and she could find no corresponding billings to go with it o The prior bill was \$113K, with \$19K overlapping a period for other billings <ul style="list-style-type: none"> ▪ Does anyone check to ensure these are not duplicate billings? ▪ How can they make tens of millions of dollars a month? o The architect submits invoices for a progress payment, showing how much they have paid to 	

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	<p>date, the contract limit, and what is behind the invoice</p> <ul style="list-style-type: none"> ▪ George Gigliotti and Mike Shanahan check specific details, confirming that invoicing dates are at the point where the work has been completed before they submit for invoicing ▪ As long as it's going toward the project and uses of Measure BB monies, the invoices are approved for reimbursement <p>o Are they making a lot of money?</p> <ul style="list-style-type: none"> ▪ The project is front-loaded on soft costs (e.g., construction & engineering), then disproportionate dollars start flipping to the hard costs of steel, etc. ▪ Typically architectural & engineering costs (A&E) are easily up around 10% of the total project money, but paid at the beginning of the project <ul style="list-style-type: none"> (1) Industry standard is 9-12% ▪ Anshen & Allen is CO Architects ▪ Project management is now DPR (was Rudolph & Sletten) <p>o What about expenses at LAX for one day when they purchased beer & pretzels, green tea, and a Starbucks?</p> <ul style="list-style-type: none"> ▪ We do limit reimburseables, which are sometimes to the contract value in aggregate <ul style="list-style-type: none"> (1) One in particular was reversed off when they attempted to claim first-class ▪ This is a drill-down to the line item detail for review, and is consistent with that done by the construction management team before authorizing payment, and this level of commitment by the members of the ICOC is appreciated <ul style="list-style-type: none"> • An outside auditor would look at the organization as a whole and review that we were not being fraudulent <ul style="list-style-type: none"> o If transactions were improper, an auditor would call us on it, which is what the ICOC is supposed to be doing o Hiring an outside agency would take that away from the ICOC • Margaret thanked Tanya Howell for making the information available ahead of time, stating that she found it really eye-opening <ul style="list-style-type: none"> o It's a huge project, very time consuming, and she feels very much better • Bob Hemker stated that the books are always available – just need to schedule time through Tanya <ul style="list-style-type: none"> o Should we extend the duration of the meetings and take the time to peruse all the requisitions? o Suggested that the agenda with requisitions be posted earlier than they have been, allowing for a longer period of time for review prior to the formal meeting o March draws will be out by April 7th and the Committee is welcome to come in after that date and review the books • Starting on D67 there is an addition to the account, provided by the deposit of the Series 2007A 	<p style="text-align: right; font-size: 2em; color: #f08080; opacity: 0.5;">98</p>

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	<p>issue funds</p> <ul style="list-style-type: none"> o D68 – 1st draw for \$5m – backed up into packet – now into next series of monies – draw #1 of 2007 • Discussion of interest rates being earned prior to expenditure and how monies are managed o 2 issues to watch – positive arbitrage situation if invested all – can't earn more than spending • Comments from some that the members still need to understand the role of the ICOC and how to do it 	
<p>C. ANNUAL REPORT OF THE COMMITTEE TO THE PPH BOARD</p>	<p>A draft of the Annual Report was presented for review by the membership</p> <ul style="list-style-type: none"> • Page 2 contains space for any issues/concerns to be written in • Will be presented to the Board Finance Committee next week, then to the full Board for final review and approval in October <ul style="list-style-type: none"> o If not approved today, or if there are further questions, it will wait until next month's Finance Committee • Margaret Moir is comfortable with the draft of language and is glad she insisted that we now have two meetings 	<p>MOTION: By Bob Wells, seconded by Marguerite Jackson Dill and carried to approve the annual report as amended, with no issues of concern annotated. All in favor, none opposed and no abstentions (Mr. Peck had to leave the meeting prior to the vote)</p> <p>Draft with correction of "with" will be forwarded to the Board Finance Committee</p>

DRAFT

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AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION		ACTION/COMMENTS
D. COMMITTEE MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MEETING	<ul style="list-style-type: none"> • New member Bill Bonner stated that he felt welcomed • Steve Yerxa stated that Ed Lehman had given him a letter of resignation from ICOC today. Minimum membership number is 9, and his resignation leaves the membership at 8. Bob Hemker will notify the Board Finance Committee at their next meeting and request that they post a notice of vacancy. <ul style="list-style-type: none"> o As Mr. Lehman was also a required member in the Senior Citizens' organization representative seat, we will also need to post the seat as a Required Senior Citizens' organization seat <ul style="list-style-type: none"> ▪ Are any current members active in a Senior Citizens' organization? <ul style="list-style-type: none"> (1) Bill Bonner is in a Rancho Bernardo Senior Citizens' organization • John Mclver commented to the reminder about mileage reimbursement, as he didn't feel obligated to request same <ul style="list-style-type: none"> o Bob Hemker stated that it is not required, just offered as it is available through PP&G 		Recommendation to the Board Finance Committee that Bill Bonner be appointed to fill the vacant Senior Citizens' Organization seat, then post the vacant seat as At Large
E. ADJOURNMENT	Meeting adjourned at 5:07 p.m.		<ul style="list-style-type: none"> • MOTION: By Steve Yerxa seconded by Bob Wells and carried to adjourn the meeting
DRAFT REVIEWED AND APPROVED FOR SUBMISSION TO DISTRICT BOARD	ACTING CHAIR	_____ Steven P. Yerxa	
	SECRETARY	_____ John Mclver	
APPROVED BY DISTRICT BOARD	CHAIR	_____ Bruce G. Krider, MA	
	SECRETARY	_____ Nancy Bassett	

ATTACHMENT 1

August 21, 2008

Dania D. Samai, Trust Officer
Wells Fargo Bank
707 Wilshire Blvd., 17th Floor
Los Angeles, CA 90017

RE: Palomar Pomerado Health Project Draw #002 of August 21, 2008

Attached find Palomar Pomerado Health's ("PPH") request for reimbursement of \$11,547,145.76 from the 2007 G.O. Bond Project fund account #22676001. Please send these funds to the same bank account previously used to send funds to PPH. To reconfirm, our account number at Bank of America is 14504-50006.

Attached please find a:

- Signed Measure BB project Fund Requisition form
- List of amounts paid by PPH to vendors sorted alphabetically
- Copies (same as order list) of the vendor invoices and checks supporting the expenses.

Please call me at (760) 480-7995, if you have any questions.

Regards,



Tim Nguyen
Corporate Controller
Palomar Pomerado Health

[Form of Series 2007A Measure BB Project Fund Requisition]

Requisition No. 002

Series 2007A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am the Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").

2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of June 1, 2005, as supplemented and amended by that certain First Supplemental Paying Agent Agreement, dated as of December 1, 2007 (hereinafter collectively referred to as the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent, I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.

3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2007A Measure BB Project Fund created pursuant to Section 12.03 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$ 11,547,145.76

4. The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2007A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2007A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: August 21, 2008

PALOMAR POMERADO HEALTH

By: 

Robert A. Hemker
Chief Financial Officer

**Schedule I
To
Requisition No. 001**

Party To Be Paid	Payment Amount	Nature of Expenditure	Payment Instructions
Palomar Pomerado Health	\$11,547,145.76	Reimburse PPH for expenses incurred June 30, 2008	Payment via wire transfer as instructed below:

Wire transfer instructions

Bank Name:	Bank of America
Bank Address	450 "B" Street, Suite 100 San Diego, CA 92101
Telex No.:	67652 SFO
Account No.:	1450450006
Acct Name:	Palomar Pomerado Health General Checking Account
Routing #:	0260-0959-3

PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #002
6/30/2008

VENDOR NAME	VENDOR #	CHECK- DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION	CAMPUS
ALLIANT INSURANCE SERVIC	17411	7/1/2008	111794	942139	34,000.00	INSURANCE	PALOMAR-WEST
SUM -- ALLIANT INSURANCE SERVICES (1 detail record)					34,000.00		
BERGELECTRIC CORPORATI	14082	6/18/2008	111012	15	440,821.13	CONSTRUCTION	PALOMAR-WEST
SUM -- BERGELECTRIC CORPORATION (1 detail record)					440,821.13		
BRADSHAW ENGINEERING C	18526	6/24/2008	314	2-1630-2382	3,195.00	CONSTRUCTION	PALOMAR-WEST
SUM -- BRADSHAW ENGINEERING CORP (1 detail record)					3,195.00		
BUREAU VERITAS COMPANY	17004	6/16/2008	110935	0992177	5,155.10	CONSTRUCTION	POMERADO
		7/1/2008	111752	0992535	9,877.88	CONSTRUCTION	POMERADO
		7/1/2008	111752	0994711	4,032.00	CONSTRUCTION	POMERADO
SUM -- BUREAU VERITAS COMPANY (3 detail records)					19,064.98		
BURTECH PIPELINE INC	18947	7/1/2008	111755	107-047-3	25,303.70	CONSTRUCTION	PALOMAR-WEST
SUM -- BURTECH PIPELINE INC (1 detail record)					25,303.70		
CABLE, PIPE, & LEAK DETEC	15983	6/9/2008	110329	132322	210.00	CONSTRUCTION	POMERADO
SUM -- CABLE, PIPE, & LEAK DETECTION (1 detail record)					210.00		
CALIFORNIA CONSTRUCTION	13157	7/1/2008	111769	80075	170.00	PERMIT & INSPECT	POMERADO
		7/1/2008	111769	80076	1,402.50	PERMIT & INSPECT	POMERADO
		7/1/2008	111769	80077	6,587.50	PERMIT & INSPECT	POMERADO
SUM -- CALIFORNIA CONSTRUCTION (3 detail records)					8,160.00		
CITY OF ESCONDIDO	12719	6/24/2008	111576	PERMIT/INSPECTION	30,470.00	PERMIT & INSPECT	PALOMAR-WEST
	12009	7/14/2008	112561	2465519110 061508	248.49	PERMIT & INSPECT	PALOMAR-WEST
SUM -- CITY OF ESCONDIDO (2 detail records)					30,718.49		
CO ARCHITECTS	16122	7/1/2008	111767	2803065	81,715.85	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804003	1,859.93	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804004	607.10	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804005	1,819.63	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804006	2,221.46	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804007	7,447.87	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804008	864.77	A & E and CONSULTING	POMERADO

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #002
6/30/2008**

<i>VENDOR NAME</i>	<i>VENDOR #</i>	<i>CHECK- DATE</i>	<i>CK #</i>	<i>INVOICE</i>	<i>BANK CHK AMT</i>	<i>DESCRIPTION</i>	<i>CAMPUS</i>
CO ARCHITECTS	16122	7/1/2008	111767	2804009	3,627.73	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804029	4,200.00	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804030	100,939.19	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804031	11,833.00	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804032	2,003.33	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804033	8,286.05	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804034	12,997.92	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804036	48,625.00	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804037	986.50	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804038	92,623.23	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804039	20,718.17	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804040	5,404.97	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804041	16,795.56	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804042	18,769.38	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804043	19,244.79	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804044	30,317.73	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804045	5,040.59	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804046	4,426.30	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804047	16.60	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804048	700.00	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804049	25,866.25	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804050	2,829.82	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804051	13,152.00	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804052	2,413.58	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804053	3,587.00	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804054	15,961.40	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804055	1,328.70	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804056	5,855.00	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804057	360.20	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804058	19,025.00	A & E and CONSULTING	POMERADO

PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #002
6/30/2008

VENDOR NAME	VENDOR #	CHECK- DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION	CAMPUS
CO ARCHITECTS	16122	7/1/2008	111787	2804058	4,686.75	A & E and CONSULTING	POMERADO
		7/1/2008	111787	2804060	567.52	A & E and CONSULTING	POMERADO
		7/1/2008	111787	2804061	8,640.00	A & E and CONSULTING	POMERADO
		7/1/2008	111787	2804064	3,181.24	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805040	3,130.00	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805046	2,288.90	A & E and CONSULTING	POMERADO
SUM -- CO ARCHITECTS (43 detail records)					626,966.07		
CONDON-JOHNSON & ASSOC	17665	7/1/2008	111762	0654 SL 041	46,865.70	CONSTRUCTION	PALOMAR-WEST
		7/1/2008	111762	5	193,342.77	CONSTRUCTION	PALOMAR-WEST
SUM -- CONDON-JOHNSON & ASSOC (2 detail records)					240,208.47		
CONSTRUCTION TESTING AN	17200	7/1/2008	111770	36697	2,300.00	CONSTRUCTION	PALOMAR-WEST
SUM -- CONSTRUCTION TESTING AND (1 detail record)					2,300.00		
CSI	13464	6/9/2008	110689	1834	232.50	A & E and CONSULTING	PALOMAR-WEST
		6/9/2008	110689	1841	6,820.00	A & E and CONSULTING	PALOMAR-EAST
		7/1/2008	111756	1843	15,965.00	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111756	1844	3,720.00	A & E and CONSULTING	POMERADO
		7/1/2008	111756	1845	6,045.00	A & E and CONSULTING	POMERADO
		7/1/2008	111756	1872	465.00	A & E and CONSULTING	PALOMAR-EAST
SUM -- CSI (6 detail records)					33,247.50		
E CUBE, INC	17597	7/1/2008	111772	605226	732.86	A & E and CONSULTING	POMERADO
		7/1/2008	111772	605227	708.18	A & E and CONSULTING	POMERADO
		7/1/2008	111772	605229	1,136.83	A & E and CONSULTING	POMERADO
SUM -- E CUBE, INC (3 detail records)					2,577.87		
GROUND SERVICE TECHNOL	16983	6/9/2008	110419	18632	4,775.58	CONSTRUCTION	POMERADO
SUM -- GROUND SERVICE TECHNOLOGY INC (1 detail record)					4,775.58		
HERRICK CORPORATION	19057	7/1/2008	111768	004	1,693,152.90	CONSTRUCTION	PALOMAR-WEST
SUM -- HERRICK CORPORATION (1 detail record)					1,693,152.90		
JB CONSULTING & ASSOC., I	16827	7/1/2008	111754	11PMCW	18,940.00	PERMIT & INSPECT	PALOMAR-WEST

PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #002
6/30/2008

VENDOR NAME	VENDOR #	CHECK- DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION	CAMPUS
JB CONSULTING & ASSOC., I	16627	7/1/2008	111754	1MEZ	1,040.00	PERMIT & INSPECT	PALOMAR-EAST
		7/1/2008	111754	4CUR	160.00	PERMIT & INSPECT	PALOMAR-EAST
SUM — JB CONSULTING & ASSOC., INC (3 detail records)					20,140.00		
JOHNSON CONTROLS INC.	12436	6/24/2008	298	17743062	1,386.00	CONSTRUCTION	POMERADO
SUM — JOHNSON CONTROLS INC. (1 detail record)					1,386.00		
JOHNSON, BARNES & FINCH	13219	6/9/2008	110259	42408	174,011.67	CONSTRUCTION	POMERADO
SUM — JOHNSON, BARNES & FINCH INC (1 detail record)					174,011.67		
JONES LANG LASALLE AMERI	17711	6/9/2008	110256	14001P107-14	55,650.00	A & E and CONSULTING	PALOMAR WEST
		6/9/2008	110685	14001P107-15	62,500.00	A & E and CONSULTING	PALOMAR-WEST
		6/9/2008	110685	14001P207-6	58,750.00	A & E and CONSULTING	PALOMAR-WEST
		6/9/2008	110685	14001P207-6	528.00	A & E and CONSULTING	PALOMAR-EAST
		6/9/2008	110685	14001P207-6	5,000.00	A & E and CONSULTING	PALOMAR-EAST
SUM — JONES LANG LASALLE AMERICAS (5 detail records)					182,428.00		
MASSON & ASSOCIATES	17985	7/1/2008	111757	APP # 8	42,366.00	CONSTRUCTION	PALOMAR-WEST
SUM — MASSON & ASSOCIATES (1 detail record)					42,366.00		
MINTIE CORPORATION	13549	6/10/2008	262	61422	1,432.00	CONSTRUCTION	POMERADO
		6/24/2008	309	61614	1,432.00	CONSTRUCTION	POMERADO
SUM — MINTIE CORPORATION (2 detail records)					2,864.00		
NATIONAL CONSTRUCTION R	18440	6/9/2008	110528	2236944	467.50	CONSTRUCTION	POMERADO
		6/23/2008	111435	2268531	467.50	CONSTRUCTION	POMERADO
SUM — NATIONAL CONSTRUCTION RENTALS (2 detail records)					935.00		
OFFICE OF STATEWIDE HEA	11174	7/1/2008	111792	2007 04282	159,120.86	PERMIT & INSPECT	POMERADO
		7/1/2008	111795	2007-04280	413,279.99	PERMIT & INSPECT	PALOMAR-WEST
		7/1/2008	111796	2007-04283	622,452.94	PERMIT & INSPECT	POMERADO
		7/1/2008	111800	2007-04281	3,070,079.95	PERMIT & INSPECT	PALOMAR-WEST
SUM — OFFICE OF STATEWIDE HEALTH PLA (4 detail records)					4,264,933.74		
PACIFIC RIM MECHANICAL	14054	6/9/2008	110686	POM EXP PHS II APP# 8	471,679.97	CONSTRUCTION	POMERADO
		7/1/2008	111763	POM EXP PHS II APP# 9	245,727.33	CONSTRUCTION	POMERADO

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #002
6/30/2008**

VENDOR NAME	VENDOR #	CHECK- DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION	CAMPUS
SUM -- PACIFIC RIM MECHANICAL (2 detail records)					717,407.30		
PINNICK INC	18265	7/1/2008	111761	20407	206,597.25	CONSTRUCTION	PALOMAR-WEST
SUM -- PINNICK INC (1 detail record)					206,597.26		
RAYMOND INTERIOR SYSTE	18942	7/1/2008	111758	0039-2A APP 3	45,682.30	A & E and CONSULTING	PALOMAR-WEST
SUM -- RAYMOND INTERIOR SYSTEMS (1 detail record)					45,682.30		
RICK ENGINEERING	16982	7/1/2008	111775	0005676	1,231.00	A & E and CONSULTING	PALOMAR-WEST
SUM -- RICK ENGINEERING (1 detail record)					1,231.00		
RTKL ASSOCIATES INC	18755	7/1/2008	111753	10-00079744	14,098.44	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111753	10-00079747	4,037.50	A & E and CONSULTING	POMERADO
SUM -- RTKL ASSOCIATES INC (2 detail records)					18,135.94		
RUDOLPH AND SLETTEN	13787	6/9/2008	110687	04-070	371,909.00	PROJ MGMT	POMERADO
		6/9/2008	110687	04-076	26,679.50	PROJ MGMT	POMERADO
		6/9/2008	110687	04-111	51,629.00	PROJ MGMT	PALOMAR-WEST
		6/9/2008	110687	04-112	1,224.25	PROJ MGMT	PALOMAR-WEST
		6/9/2008	110687	04-113	509,141.00	PROJ MGMT	PALOMAR-WEST
		6/9/2008	110687	04-114	18,407.18	PROJ MGMT	PALOMAR-WEST
		6/9/2008	110687	04-115	30,071.00	PROJ MGMT	PALOMAR-WEST
		6/9/2008	110687	04-116	678.63	PROJ MGMT	PALOMAR-WEST
		6/9/2008	110687	99-116	23,100.82	PROJ MGMT	POMERADO
		7/1/2008	111764	05-011	25,359.00	PROJ MGMT	PALOMAR-WEST
		7/1/2008	111764	05-012	934.99	PROJ MGMT	PALOMAR-WEST
		7/1/2008	111764	05-013	269,072.00	PROJ MGMT	PALOMAR-WEST
		7/1/2008	111764	05-015	14,011.50	PROJ MGMT	PALOMAR-WEST
		7/1/2008	111764	05-016	5,815.30	PROJ MGMT	PALOMAR-WEST
SUM -- RUDOLPH AND SLETTEN (14 detail records)					1,348,033.17		
SAN DIEGO EROSION CONTR	17517	6/23/2008	111568	PMC WEST APP 5	76,752.95	CONSTRUCTION	PALOMAR-WEST
SUM -- SAN DIEGO EROSION CONTROL (1 detail record)					76,752.95		
SHENGXING GLASS AND CLA	18413	7/1/2008	111765	21	397,490.00	CONSTRUCTION	PALOMAR-WEST

PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #002
6/30/2008

VENDOR NAME	VENDOR #	CHECK- DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION	CAMPUS
SUM -- SHENGXING GLASS AND CLADDINGS (1 detail record)					397,490.00		
SIDEPLATE SYSTEMS INC	17170	7/1/2008	111759	3021	29,000.00	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111759	3032	29,000.00	A & E and CONSULTING	PALOMAR-WEST
SUM -- SIDEPLATE SYSTEMS INC (2 detail records)					58,000.00		
SOUTHLAND ELECTRIC	13183	6/23/2008	111215	1166 REVISED	59,120.78	CONSTRUCTION	POMERADO
SUM -- SOUTHLAND ELECTRIC (1 detail record)					59,120.78		
SOUTHWEST GENERAL CONT	18424	6/23/2008	111179	POM CNTRL PLANT APP#3	17,145.00	CONSTRUCTION	POMERADO
SUM -- SOUTHWEST GENERAL CONTRACTORS (1 detail record)					17,145.00		
UNIVERSITY MECHANICAL	15442	7/1/2008	111766	14583	85,534.00	CONSTRUCTION	PALOMAR-WEST
		7/1/2008	111766	14594	527,612.00	CONSTRUCTION	PALOMAR-WEST
SUM -- UNIVERSITY MECHANICAL (2 detail records)					613,146.00		
URS CORPORATION	11122	6/23/2008	111168	3245025	10,479.00	A & E and CONSULTING	POMERADO
		7/1/2008	111760	3198079	572.30	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111760	3283475	33,575.00	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111760	3360514	38,840.00	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111760	3394853	5,850.00	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111760	3394909	20,745.60	A & E and CONSULTING	PALOMAR-WEST
SUM -- URS CORPORATION (6 detail records)					110,061.90		
VALLEY CREST LANDSCAPE	17626	6/9/2008	110665	3189382	9,951.30	CONSTRUCTION	POMERADO
		7/7/2008	112325	3182081	9,014.40	CONSTRUCTION	POMERADO
SUM -- VALLEY CREST LANDSCAPE DEV (2 detail records)					18,965.70		
VIEW BY VIEW, INC	17846	6/9/2008	110692		4,885.42	A & E and CONSULTING	PALOMAR-WEST
		6/9/2008	110692		725.00	A & E and CONSULTING	PALOMAR-WEST
SUM -- VIEW BY VIEW, INC (2 detail records)					5,610.42		
Grand Total (128 detail records)					11,547,145.76		

September 5, 2008

Dania D. Samai, Trust Officer
Wells Fargo Bank
707 Wilshire Blvd., 17th Floor
Los Angeles, CA 90017

RE: Palomar Pomerado Health Project Draw #003 of September 5, 2008

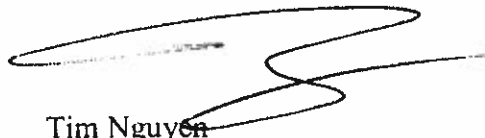
Attached find Palomar Pomerado Health's ("PPH") request for reimbursement of \$10,458,293.53 from the 2007 G.O. Bond Project fund account #22676001. Please send these funds to the same bank account previously used to send funds to PPH. To reconfirm, our account number at Bank of America is 14504-50006.

Attached please find a:

- Signed Measure BB project Fund Requisition form
- List of amounts paid by PPH to vendors sorted alphabetically
- Copies (same as order list) of the vendor invoices and checks supporting the expenses.

Please call me at (760) 480-7995, if you have any questions.

Regards,



Tim Nguyen
Corporate Controller
Palomar Pomerado Health

[Form of Series 2007A Measure BB Project Fund Requisition]

Requisition No. 003

Series 2007A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am the Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").

2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of June 1, 2005, as supplemented and amended by that certain First Supplemental Paying Agent Agreement, dated as of December 1, 2007 (hereinafter collectively referred to as the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent, I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.

3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2007A Measure BB Project Fund created pursuant to Section 12.03 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$ 10,458,293.53

4. The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2007A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2007A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: September 5, 2008

PALOMAR POMERADO HEALTH

By: _____

Robert A. Hemker
Chief Financial Officer

**Schedule I
To
Requisition No. 001**

Party To Be Paid	Payment Amount	Nature of Expenditure	Payment Instructions
Palomar Pomerado Health	\$10,458,293.53	Reimburse PPH for expenses incurred July 31, 2008	Payment via wire transfer as instructed below:

Wire transfer instructions

Bank Name:	Bank of America
Bank Address	450 "B" Street, Suite 100 San Diego, CA 92101
Telex No.:	67652 SFO
Account No.:	1450450006
Acct Name:	Palomar Pomerado Health General Checking Account
Routing #:	0260-0959-3

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #003
7/31/2008**

VENDOR NAME	VENDOR #	CHECK- DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION	CAMPUS
A O REED & COMPANY	13223	7/7/2008	111972	9354-RETBRI	64,682.00	CONSTRUCTION	POMERADO
		7/7/2008	111972	9492-02	417,999.60	CONSTRUCTION	POMERADO
SUM -- A O REED & COMPANY (2 detail records)					482,681.60		
ALLEN & HEIN INC	14129	7/21/2008	112938	002	4,190.40	A & E and CONSULTING	PALOMAR-WEST
SUM -- ALLEN & HEIN INC (1 detail record)					4,190.40		
BERGELECTRIC CORPORATI	14082	7/14/2008	112364	10197-21 REV1	6,467.00	CONSTRUCTION	POMERADO
		7/28/2008	113239	10621-17	140,362.75	CONSTRUCTION	PALOMAR-WEST
SUM -- BERGELECTRIC CORPORATION (2 detail records)					146,829.75		
BRICKMAN GROUP LTD	18259	7/21/2008	112909	4622199110	60,474.60	CONSTRUCTION	PALOMAR-WEST
		7/21/2008	112909	4622219304	433.00	CONSTRUCTION	PALOMAR-WEST
SUM -- BRICKMAN GROUP LTD (2 detail records)					60,907.60		
BUREAU VERITAS COMPANY	17004	7/14/2008	112358	0996582	10,048.80	CONSTRUCTION	POMERADO
		7/14/2008	112358	0999654	6,220.50	CONSTRUCTION	POMERADO
		7/14/2008	112358	1000097	2,360.00	CONSTRUCTION	POMERADO
SUM -- BUREAU VERITAS COMPANY (3 detail records)					18,629.30		
BURTECH PIPELINE INC	18947	7/28/2008	113238	107-047-4	75,783.72	CONSTRUCTION	PALOMAR-WEST
SUM -- BURTECH PIPELINE INC (1 detail record)					75,783.72		
CALIFORNIA CONSTRUCTION	13157	7/7/2008	111974	80094	1,105.00	CONSTRUCTION	POMERADO
		7/14/2008	112366	80091	7,501.25	CONSTRUCTION	POMERADO
		7/24/2008	113229	80092	1,487.50	CONSTRUCTION	POMERADO
SUM -- CALIFORNIA CONSTRUCTION (3 detail records)					10,093.75		
CO ARCHITECTS	16122	7/7/2008	111970	2804035	211,081.01	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2804028	3,060.00	A & E and CONSULTING	PALOMAR-EAST
		7/14/2008	112363	2805006	20,973.00	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805009	5,400.00	A & E and CONSULTING	PALOMAR-EAST
		7/14/2008	112363	2805011	96,550.53	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805012	9,587.00	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805013	2,717.21	A & E and CONSULTING	PALOMAR-WEST

PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #003
7/31/2008

<i>VENDOR NAME</i>	<i>VENDOR #</i>	<i>CHECK- DATE</i>	<i>CK #</i>	<i>INVOICE</i>	<i>BANK CHK AMT</i>	<i>DESCRIPTION</i>	<i>CAMPUS</i>
CO ARCHITECTS	16122	7/14/2008	112363	2805014	2,835.50	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805015	7,925.79	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805016	12,997.92	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805017	1,061.87	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805018	211,081.01	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805019	86.86	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805029	29,115.01	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805030	2,068.98	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805032	5,822.74	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805033	18,185.48	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805034	9,200.00	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805036	9,622.40	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805037	7,016.00	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805038	2,213.15	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805039	350.00	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805042	3,587.00	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805043	16,430.00	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805044	179.57	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805045	9,780.00	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805047	1,855.75	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805048	9,415.00	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805049	162.49	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805051	131.30	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805052	4,686.75	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805053	133.95	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805055	3,181.24	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805056	456.44	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805057	1,376.89	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805060	29,782.50	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805061	809.20	A & E and CONSULTING	POMERADO

PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #003
7/31/2008

<i>VENDOR NAME</i>	<i>VENDOR #</i>	<i>CHECK- DATE</i>	<i>CK #</i>	<i>INVOICE</i>	<i>BANK CHK AMT</i>	<i>DESCRIPTION</i>	<i>CAMPUS</i>
<i>CO ARCHITECTS</i>	16122	7/14/2008	112363	2806001	14,989.76	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2806002	4,080.98	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2806003	21,322.00	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2806004	2,000.00	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2806006	677.70	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2806007	3,288.00	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2806008	108.93	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2806009	646.49	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2806010	1,053.48	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2806011	2,716.60	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2806012	3,893.69	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2806013	1,074.00	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2806014	838.53	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2806016	400.27	A & E and CONSULTING	POMERADO
		7/21/2008	112744	2803010	52.06	A & E and CONSULTING	POMERADO
		7/21/2008	112744	2803053	39,690.42	A & E and CONSULTING	PALOMAR-WEST
		7/21/2008	112744	2805021	34,500.00	A & E and CONSULTING	PALOMAR-WEST
		7/21/2008	112744	2806005	40,305.00	A & E and CONSULTING	PALOMAR-WEST
		7/28/2008	113234	2805024	15,194.37	A & E and CONSULTING	PALOMAR-WEST
SUM — CO ARCHITECTS (56 detail records)					937,751.82		
<i>CONCRETE CONTRACTORS I</i>	17059	7/7/2008	111969	9	131,874.00	CONSTRUCTION	POMERADO
		7/28/2008	113236	10	35,170.00	CONSTRUCTION	POMERADO
SUM — CONCRETE CONTRACTORS INTERSTAT (2 detail records)					167,044.00		
<i>COSCO FIRE PROTECTION</i>	15284	7/15/2008	394	JC113709	4,713.21	CONSTRUCTION	POMERADO
SUM — COSCO FIRE PROTECTION (1 detail record)					4,713.21		
<i>CSI</i>	13464	7/14/2008	112359	1865	17,360.00	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112359	1866	1,395.00	A & E and CONSULTING	POMERADO
		7/14/2008	112359	1867	5,115.00	A & E and CONSULTING	POMERADO
		7/28/2008	113235	1886	16,430.00	A & E and CONSULTING	PALOMAR-WEST

PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #003
7/31/2008

<i>VENDOR NAME</i>	<i>VENDOR #</i>	<i>CHECK- DATE</i>	<i>CK #</i>	<i>INVOICE</i>	<i>BANK CHK AMT</i>	<i>DESCRIPTION</i>	<i>CAMPUS</i>
CSI	13464	7/28/2008	113235	1887	2,015.00	A & E and CONSULTING	POMERADO
		7/28/2008	113235	1888	3,565.00	A & E and CONSULTING	POMERADO
SUM -- CSI (6 detail records)					45,880.00		
E CUBE, INC	17597	7/21/2008	112747	605308	3,755.23	A & E and CONSULTING	PALOMAR-WEST
		7/21/2008	112747	605309	154.02	A & E and CONSULTING	POMERADO
		7/21/2008	112747	605310	277.20	A & E and CONSULTING	POMERADO
		7/21/2008	112747	605311	29.40	A & E and CONSULTING	PALOMAR-WEST
		7/21/2008	112747	605312	2,356.84	A & E and CONSULTING	POMERADO
SUM -- E CUBE, INC (5 detail records)					6,572.69		
HERRICK CORPORATION	19057	7/28/2008	113245	5	1,356,249.00	CONSTRUCTION	PALOMAR-WEST
SUM -- HERRICK CORPORATION (1 detail record)					1,356,249.00		
ISEC, INC	16841	8/5/2008	483	6 RETENTION	9,048.00	A & E and CONSULTING	PALOMAR-WEST
SUM -- ISEC, INC (1 detail record)					9,048.00		
JACKSON & BLANC	13074	7/8/2008	348	7710	13,667.10	CONSTRUCTION	POMERADO
		8/5/2008	476	7809	2,290.00	CONSTRUCTION	POMERADO
SUM -- JACKSON & BLANC (2 detail records)					15,957.10		
JB CONSULTING & ASSOC., I	16627	7/28/2008	113237	12PMCW	18,930.00	PERMIT & INSPECT	PALOMAR-WEST
		7/28/2008	113237	13PMCW	19,060.00	PERMIT & INSPECT	PALOMAR-WEST
		7/28/2008	113237	14PMCW	19,000.00	PERMIT & INSPECT	PALOMAR-WEST
SUM -- JB CONSULTING & ASSOC., INC (3 detail records)					56,990.00		
JOHNSON CONTROLS INC.	12436	7/22/2008	423	18089868	5,544.00	CONSTRUCTION	POMERADO
SUM -- JOHNSON CONTROLS INC. (1 detail record)					5,544.00		
MINTIE CORPORATION	13549	7/22/2008	431	61746	1,790.00	CONSTRUCTION	POMERADO
SUM -- MINTIE CORPORATION (1 detail record)					1,790.00		
MORLEY CONSTRUCTION CO	18985	7/7/2008	111973	6	969,131.70	CONSTRUCTION	PALOMAR-WEST
		7/28/2008	113243	7RL	716,493.60	CONSTRUCTION	PALOMAR-WEST
SUM -- MORLEY CONSTRUCTION CO (2 detail records)					1,685,625.30		
OFFICE OF STATEWIDE HEA	11174	7/7/2008	112228	2007-04273	6,269.33	PERMIT & INSPECT	POMERADO

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #003
7/31/2008

VENDOR NAME	VENDOR #	CHECK- DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION	CAMPUS
SUM -- OFFICE OF STATEWIDE HEALTH PLA (1 detail record)					6,269.33		
PACIFIC COAST COMMRL F	18850	7/21/2008	112742	1701	40,284.00	A & E and CONSULTING	PALOMAR-WEST
		7/21/2008	112742	1708	5,044.50	A & E and CONSULTING	PALOMAR-WEST
SUM -- PACIFIC COAST COMMRL FLOORING (2 detail records)					45,328.50		
PACIFIC RIM MECHANICAL	14054	7/21/2008	112745	POM EXP PHS II APP# 10	601,787.90	CONSTRUCTION	POMERADO
SUM -- PACIFIC RIM MECHANICAL (1 detail record)					601,787.90		
PAUL HANSEN EQUIPMENT	16437	8/11/2008	114107	16505-32	3,117.00	CONSTRUCTION	POMERADO
SUM -- PAUL HANSEN EQUIPMENT (1 detail record)					3,117.00		
PINNICK INC	18265	7/23/2008	113221	20422	1,175,124.97	CONSTRUCTION	PALOMAR-WEST
		7/28/2008	113244	20435	760,796.89	CONSTRUCTION	PALOMAR-WEST
SUM -- PINNICK INC (2 detail records)					1,935,921.86		
RTKL ASSOCIATES INC	18755	7/14/2008	112360	80241	27,408.72	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112360	80243	8,729.06	A & E and CONSULTING	POMERADO
SUM -- RTKL ASSOCIATES INC (2 detail records)					36,137.78		
RUDOLPH AND SLETTEN	13787	7/7/2008	111971	05-113	33,793.00	PROJ MGMT	POMERADO
		7/7/2008	111971	05-118	290,474.00	PROJ MGMT	PALOMAR-WEST
		7/7/2008	111971	05-119	6,649.91	PROJ MGMT	PALOMAR-WEST
		7/7/2008	111971	05-120	15,074.00	PROJ MGMT	PALOMAR-WEST
		7/7/2008	111971	05-121	294.10	PROJ MGMT	PALOMAR-WEST
		7/14/2008	112362	05-106	477,040.00	PROJ MGMT	POMERADO
		7/14/2008	112362	06-015	6,779.55	PROJ MGMT	PALOMAR-WEST
		7/14/2008	112362	06-016	10,208.00	PROJ MGMT	PALOMAR-WEST
		7/21/2008	112743	06-017	96.50	PROJ MGMT	PALOMAR-WEST
		7/21/2008	112743	99-127	67,674.31	PROJ MGMT	POMERADO
		7/28/2008	113240	06-014	245,548.00	PROJ MGMT	PALOMAR-WEST
		7/28/2008	113240	06-108	11,688.00	PROJ MGMT	PALOMAR-WEST
		8/4/2008	113604	06*107	82,954.52	PROJ MGMT	PALOMAR-WEST
		8/4/2008	113604	06-084	28,543.00	PROJ MGMT	POMERADO
		8/4/2008	113604	06-109	166.68	PROJ MGMT	PALOMAR-WEST

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #003
7/31/2008

VENDOR NAME	VENDOR #	CHECK- DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION	CAMPUS
RUDOLPH AND SLETTEN	13787	8/4/2008	113604	99-134	32,328.54	PROJ MGMT	POMERADO
SUM -- RUDOLPH AND SLETTEN (16 detail records)					1,309,312.11		
SHENGXING GLASS AND CLA	18413	7/28/2008	113241	22	404,962.00	CONSTRUCTION	PALOMAR-WEST
SUM -- SHENGXING GLASS AND CLADDINGS (1 detail record)					404,962.00		
SOUTHLAND ELECTRIC	13183	7/28/2008	113423	1192 (REV)	155,397.96	CONSTRUCTION	POMERADO
		7/28/2008	113423	1208	277,841.02	CONSTRUCTION	POMERADO
SUM -- SOUTHLAND ELECTRIC (2 detail records)					433,238.98		
SWISSLOG HEALTHCARE SOL	12664	7/21/2008	112748	90233480	9,544.00	CONSTRUCTION	PALOMAR-WEST
SUM -- SWISSLOG HEALTHCARE SOLUTIONS (1 detail record)					9,544.00		
UNIVERSITY MECHANICAL	15442	7/28/2008	113242	14684	475,126.00	CONSTRUCTION	PALOMAR-WEST
		7/28/2008	113242	14685.1	45,921.00	CONSTRUCTION	PALOMAR-WEST
SUM -- UNIVERSITY MECHANICAL (2 detail records)					521,047.00		
URS CORPORATION	11122	8/4/2008	113602	3459065	49,998.33	A & E and CONSULTING	POMERADO
SUM -- URS CORPORATION (1 detail record)					49,998.33		
VIEW BY VIEW, INC	17646	7/14/2008	112371	93806	6,500.00	A & E and CONSULTING	PALOMAR-WEST
SUM -- VIEW BY VIEW, INC (1 detail record)					6,500.00		
WASHINGTON IRON WORKS	17495	7/28/2008	113588	003	2,847.50	A & E and CONSULTING	PALOMAR-WEST
SUM -- WASHINGTON IRON WORKS (1 detail record)					2,847.50		
Grand Total	(129 detail records)				10,458,293.53		

Physician Independent Contract Agreement

TO: Board of Directors

MEETING DATE: Monday, February 9, 2009

FROM: Board Finance Committee
Tuesday, January 27, 2009

BY: Janine Sarti, General Counsel
Katherine Philbin, Asst. General Counsel

Background: A new templated Independent Contractor Agreement for Physicians has been created. Changes were made to make the templated Agreement more complete, as well as to address the newly implemented California privacy laws. To accomplish this goal, edits were made to the Confidentiality, Indemnification, and HIPAA and Privacy Law Compliance sections. An Insurance section was also added which requires minimum professional liability insurance in the amounts of \$1,000,000 per claim/\$3,000,000 aggregate.

A copy of the new template is attached for the Board's review, with the changes highlighted for ease of reference.

Budget Impact: None

Staff Recommendation: Staff recommended that the new format for Physician Independent Contractor Agreements be adopted as the standard template for all such Agreements.

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends that the new format for Physician Independent Contractor Agreements be adopted as the standard template for all such Agreements.

Motion: X

Individual Action:

Information:

Required Time:

INDEPENDENT CONTRACTOR AGREEMENT

This Independent Contractor Agreement ("Agreement") is entered into by and between _____ ("Contractor"), with a principal place of business at _____ and Palomar Pomerado Health, a local healthcare district organized pursuant to Division 23 of the California Health and Safety Code ("PPH"), with a principal place of business at 15255 Innovation Drive, San Diego, California 92128.

WHEREAS, Contractor is a medical doctor with necessary privileges to practice medicine at PPH's medical facilities. Contractor has occasion to use various computer programs approved by PPH and in use at PPH facilities. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities from the perspective of a trained medical practitioner.

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

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

1. DUTIES OF CONTRACTOR

1.1 Scope of Services:

1.1.1 Contractor shall provide the consulting services described herein on an as-needed basis as agreed between Contractor and PPH. Aside from officially scheduled meetings or work, Contractor shall not engage in any billable activities under this Agreement without the prior permission of PPH. PPH may limit the number of hours worked under this Agreement to _____ per week or ____ per month. In no event with Contractor's work hours exceed _____ per month.

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

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

1.2.1 withhold FICA (Social Security and Medicare taxes) from Contractor's

payments or make FICA payments on Contractor's behalf;

1.2.2 make state or federal unemployment compensation contributions on Contractor's behalf; or

1.2.3 Withhold state or federal income tax from Contractor's payments.

2. **DUTIES OF PPH**

2.1 **Payment for Services:** PPH shall pay Contractor \$_____.00 (one hundred twenty-five dollars) per hour for consulting services provided under this Agreement. In addition to professional fees, PPH agrees to reimburse Contractor for reasonable, out-of-pocket expenses, to be approved in advance by PPH. If services are performed, Contractor shall send PPH invoices on a monthly basis. Contractor shall provide invoices for services rendered under this agreement for work performed outside of formal meetings. Invoices shall be accompanied by the pertinent timesheets and an itemization of services and approved expenses for each consultation project. Payment shall be due within thirty (30) days of PPH's receipt of each undisputed invoice.

3. **INDEPENDENT CONTRACTOR**

3.1 In the performance of the duties and obligations of Contractor under this Agreement, it is mutually understood and agreed that Contractor is at all times acting and performing as an independent contractor, and nothing in this Agreement is intended nor shall be construed to create between PPH and Contractor an employer/employee, joint venture, lease or landlord/tenant relationship. Contractor has held himself out as having a particular expertise in the services to be provided under this Agreement. In that regard, Contractor shall be responsible for the manner in which he provides services under this Agreement in accordance with local, state and federal standards. Contractor shall not hold himself out as an officer, agent or employee of PPH and Contractor shall take all reasonable steps to disavow such status or relationship in every instance where a reasonable party might assume that such a relationship exists between the parties.

4. **EEO COMPLIANCE**

4.1 PPH is an equal employment opportunity employer and is in full compliance with any and all applicable anti-discrimination laws, rules, and regulations. Contractor agrees not to harass, discriminate against, or retaliate against any PPH employee because of his or her race, national origin, age, sex, religion, disability, marital status, or other category protected by law. In the event of any complaint of unlawful discrimination, harassment, or retaliation against Contractor by any employee of PPH, Contractor agrees to cooperate in the prompt investigation and resolution of such complaint.

5. COMPLIANCE WITH LAWS / PERFORMANCE STANDARDS

5.1 Contractor shall comply with all laws, ordinances, codes and regulations of federal, state and local governments, including without limitation laws that require Contractor to disclose any economic interest or relationship with PPH and the policies, standards, requirements, guidelines and recommendations of the Joint Commission.

5.2 Contractor shall comply with and perform the duties under this Agreement in accordance with all applicable bylaws, Medical Staff policies, Joint Commission rules and regulations, rules and regulations of PPH and the Medical Staff, and all protocols applicable to the performance of Director Services or the Department (the "Protocols").

6. RIGHT TO AUDIT AND CONFIRM COMPLIANCE

6.1 Upon reasonable written notice to Contractor, PPH may inspect relevant portions of Contractor's records to verify Contractor's compliance with this Agreement. Any failure by PPH to inspect such records will not be construed as a waiver of any of PPH's rights and remedies set forth herein.

7. CONFIDENTIALITY

7.1 PPH's Confidential Information: This Agreement is personal and confidential to PPH. Contractor acknowledges that he may be given access to or acquire information that is proprietary to or confidential to PPH or its affiliated companies and their clients and customers. Any and all such information obtained by Contractor shall be deemed to be confidential and proprietary information in accordance with PPH's policies, practices and procedures, including compliance with HIPAA and DHS regulations, and state and federal laws. Contractor agrees to hold such information in strict confidence and shall not disclose such information to any third person or company and shall not use such information for any purpose whatsoever other than providing services to PPH.

Contractor shall not release information concerning this Agreement to any person without the written consent of PPH. This prohibition against release of information shall not apply to public agencies or commissions with government powers and duties related to disclosure of information having the right to compel disclosure of such information, or to any information otherwise compelled to be released by process of law, or to any information required to be disclosed to PPH's representatives or others in connection with PPH's tax exempt bonds or other financing transactions.

8. ASSIGNMENT OF COPYRIGHTS AND PATENTS TO PPH

8.1 Any and all works, discoveries and/or inventions (which shall include improvements and modifications) relating to work performed by Contractor specifically for PPH pursuant to this Agreement, whether or not copyrightable or patentable, which works, discoveries and/or inventions are made or conceived by Contractor, solely or

jointly with others, during the term of and pursuant to this Agreement (regardless of whether conceived or developed during working hours) and for a reasonable period thereafter, shall be the property of PPH as "work made for hire" to the extent provided by sections 101 and 201(b) of the Copyright Act, 17 U.S.C. 101 *et seq.*, and such works, discoveries and/or inventions shall be promptly disclosed to PPH. PPH shall have the right to file and prosecute, at its own expense, all copyright applications and patent applications, whether U.S. or foreign, on said works, discoveries and/or inventions. Contractor shall, during the term of this Agreement and for a reasonable time thereafter, provide to PPH all documents, information, and assistance requested for the filing or prosecution of any such copyright or patent application, for the preparation, prosecution, or defense of any legal action or application pertaining to such works, discoveries and/or inventions, and for the assignment or conveyance to PPH of all right, title, and interest in and to such works, discoveries and/or inventions, copyright applications, patent applications, and letters patent issuing thereon. Specifically excluded from this Section shall be any works, discoveries and/or inventions, whether or not copyrighted or patented, or any modifications or improvements thereto, that were created or conceived by Contractor prior to the parties' execution of this Agreement.

9. TERM AND TERMINATION

9.1 This Agreement shall commence on _____ and shall continue in effect for a period of one (1) year. There shall be no automatic renewal provision for this Agreement. Any renewal or continuation of services by Contractor for PPH beyond this expiration date must be negotiated between the parties and memorialized in a separate agreement.

9.2 This Agreement may be terminated by either party before its stated expiration date after that party provides a thirty (30) day written notice to the other party. In the event of Contractor's loss of medical staff privileges at a PPH affiliated hospital, or in the event Contractor loses his medical license, the agreement will be terminated immediately. Such notice shall be personally delivered or sent by recognized overnight courier or by certified mail, return receipt requested, and delivered as follows:

As to Contractor:

As to PPH:

Palomar Pomerado Health
NAME
Address
City, State Zip

In the case of mailing, service shall be effective three days after mailing of such notice. In the case of personal delivery, notice shall be effective on the actual date of service.

9.3 Either party may designate a different person to whom notices should be sent at any time by notifying the other party in writing in accordance with this Agreement.

9.4 Notwithstanding any other provision of this Agreement, in the event a party declares or becomes bankrupt or insolvent, dissolves or discontinues operations, or fails to make any payments within the time periods specified in this Agreement, the other party may terminate this agreement after a thirty (30) day written notice.

10. **REMEDIES AND INDEMNIFICATION**

10.1 **Arbitration:**

10.1.1 Any controversy or dispute between Contractor and PPH concerning the performance, termination or interpretation of this Agreement shall be resolved through arbitration proceeding under the Federal Arbitration Act and before the American Arbitration Association (AAA) in accordance with AAA's Commercial Arbitration Rules at the AAA location closest to PPH's office. The administrative cost of the arbitration and the arbitrator's fee shall be shared equally by the parties. The parties shall have full discovery rights under the California Discovery Act, subject to modification by the arbitrator in his or her discretion.

10.1.2 The Arbitrator shall have no authority or power to amend or modify the Terms of this Agreement. All arbitration decisions shall be final and binding on the parties. The prevailing party, as determined by the Arbitrator in his or her decision, shall be awarded an amount equal to its reasonable attorneys' fees incurred in connection with such arbitration, in addition to any other relief that may be awarded.

10.1.3 Judgment upon any award rendered by the Arbitrator may be entered in any court having jurisdiction.

11. **INDEMNIFICATION:** Contractor shall hold harmless, defend and indemnify PPH and its subsidiaries, parents, affiliates, agents, officers, directors and employees from and against all actions, causes of action, obligations, expenses, liabilities, losses, penalties, fines, fees (including reasonable attorneys' fees), costs, claims, suits and damages, including damages for personal injury (including death), **unauthorized access or unlawful access, use, or disclosure of patient medical information**, property damage as a result of any negligent act or negligent failure to act of Contractor or Contractor's employees which PPH may incur, be exposed to, become responsible for, or pay out, and any damages that result from the negligence of Contractor or his employees or the failure of Contractor or his employees to perform their duties, obligations and services under this Agreement. Contractor shall assume the investigation, defense and expense of all such claims and causes of actions. PPH agrees to notify Contractor of the existence of any such claims or causes of action within a reasonable period of time after PPH becomes aware of same.

12. **HIPAA and PRIVACY LAW COMPLIANCE**

12.1 Compliance with Privacy Standards:

12.1.1 PPH is a Covered Entity that is a provider of health care, as defined under Section 1171 of HIPAA. PPH may provide access to or disclose Protected Health Information to Contractor so that Contractor may fulfill his obligations under this Agreement. Such Protected Health Information will be provided solely for purposes set forth in this Agreement.

12.1.2 Contractor will take all reasonable steps to handle and disclose Protected Health Information provided to it by PPH or created by Contractor for PPH, directly or indirectly, in a manner such that the security and privacy of such information will be maintained and appropriate safeguards will be used to prevent use or disclosure of the information other than as described herein. Specifically, Contractor shall:

(a) Use and disclose Protected Health Information solely for the benefit of PPH or for its own internal administration or management and shall not disclose any such information to third parties except as required by law or as explicitly authorized by PPH or the patient to whom the Protected Health Information pertains.

(b) Ensure that all agents, employees, or affiliates to whom Protected Health Information is provided shall agree to the same restrictions and conditions for use and disclosure of Protected Health Information that applies to Contractor.

(c) Contractor will not participate in the unauthorized access or unlawful access, use, or disclosure of patient medical information. Unauthorized access includes inappropriate review or viewing of patient medical information without a direct need for diagnosis, treatment or other lawful use as permitted by California Confidentiality of Medical Information Act or by other statutes or regulations governing the lawful access, use, or disclosure of medical information.

13. **Insurance.** Contractor shall carry the following minimum insurance coverage in a form reasonably acceptable to PPH during the term of this Agreement:

13.1 Contractor shall obtain and continuously maintain professional malpractice liability insurance coverage, issued by an insurance company licensed or otherwise qualified to issue professional liability insurance policies or coverage in the State of California, and acceptable to Hospital, in the amount of at least One Million Dollars (\$1,000,000) per occurrence or claim and Three Million Dollars (\$3,000,000) in the annual aggregate for the acts and omissions of Contractor. Such coverage shall provide for a date of placement preceding or coinciding with the Effective Date of this Agreement.

13.2 **Certificate of Insurance.** On or before the Effective Date, Contractor shall provide Hospital with an original certificate evidencing professional malpractice liability insurance coverage, and shall provide Hospital with proof of continued professional malpractice liability insurance coverage on an annual basis (or as periodically requested by Hospital). Contractor shall provide Hospital with no less than thirty (30) calendar days' prior written notice of cancellation or any material change in such professional malpractice liability insurance coverage.

13.3 **Tail Coverage.** If Contractor's professional malpractice liability insurance is provided on a claims-made basis, upon the expiration or termination of this Agreement for any reason, Contractor shall continuously maintain such insurance or purchase from an insurance company licensed or otherwise qualified to issue professional liability insurance policies or coverage in the State of California, and acceptable to PPH, extended reporting period (*i.e.*, "tail") coverage for the longest extended reporting period then available to ensure that insurance coverage in the amount set forth in Section 3.1 of this Agreement is maintained for claims which arise from professional services provided by Contractor during the term of this Agreement. This Section shall survive the expiration or termination for any reason of this Agreement.

14. **MISCELLANEOUS PROVISIONS**

14.1 **Survival of Certain Provisions:** Those provisions of this Agreement, which by their terms extend beyond the termination or non-renewal of this Agreement shall remain in full force and effect and survive such termination or non-renewal.

14.2 **Amendments:** No provision of this Agreement may be amended or waived unless such amendment or waiver is agreed to in writing signed by the parties.

14.3 **Severability:** Each provision of this Agreement shall be considered severable such that if any one provision or clause conflicts with existing or future applicable law, or may not be given full effect because of such law, this shall not affect any other provision which can be given effect without the conflicting provision or clause.

14.4 **Complete Agreement:** This Agreement and any exhibits attached hereto and incorporated by reference into this Agreement contain the entire understanding between the parties hereto, and supersede all prior agreements and understandings relating to the subject matter hereof.

14.5 **Assignment:** This Agreement shall not be assigned by either party without the prior written consent of the other party. Such consent shall not be unreasonably withheld. Either party shall have the right to assign or transfer this Agreement to its parent corporation, if any, or any of its subsidiaries or affiliates, or to a successor entity in the event of a merger, consolidation, transfer, sale, stock purchase or public offering as long as the surviving entity assumes all of that party's duties and obligations hereunder.

14.6 **Headings:** The headings of the paragraphs of this Agreement are inserted solely for the convenience of reference. They shall in no way define, limit, extend, or aid in the construction of the scope, extent, or intent of this Agreement.

14.7 **Waiver:** The failure of a party to enforce the provisions of this Agreement shall not be construed as a waiver of any provision or the right of such party thereafter to enforce each and every provision of this Agreement.

14.8 **Ambiguities:** The rule of construction that ambiguities in an agreement are to be construed against the drafter shall not be invoked or applied in any dispute regarding the meaning or interpretation of any provision of this Agreement.

14.9 **Non Exclusive Nature of Agreement:** It is understood that PPH is not obligated to use Contractor exclusively for the services specified under this Agreement. PPH reserves the right to determine, in its sole discretion, if any additional agencies shall be used to provide the type of services to be provided by Contractor under this Agreement.

14.10 **Choice of Law:** This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to any conflicts of law principles thereof.

IN WITNESS WHEREOF, this Agreement has been duly executed by Contractor and PPH on the dates set forth below.

Contractor

Palomar Pomerado Health

Signature

Signature

Printed Name

Robert A. Hemker

Title

Chief Financial Officer

Date

Date

**PALOMAR MEDICAL CENTER
ADMINISTRATIVE SERVICES AGREEMENTS
MEDICAL STAFF DEPARTMENT CHAIR, QMC CHAIR**

TO: Board of Directors

MEETING DATE: Monday, February 9, 2009

FROM: Board Finance Committee
Tuesday, January 27, 2009

BY: Gerald E. Bracht, Chief Administrative Officer

BACKGROUND: The Palomar Medical Center (PMC) Department Chair and Quality Management Committee (QMC) Chair are provided a stipend for services performed as required by the Medical Staff Bylaws. These Agreements serve to document the relationship of the Department Chair and QMC Chair to PPH, and the duties to be performed as consideration for the stipend to assure compliance with Federal regulations.

Presented are the Administrative Services Agreements for the Chair of the Department of Family Practice and the QMC Chair for PMC:

Chairman, Department of Family Practice – James H. Schultz, M.D.
Chairman, Quality Management Committee – Daniel Harrison, M.D.

The attached Agreement Abstract applies to both Agreements.

BUDGET IMPACT: None.

STAFF RECOMMENDATION: Approval.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the one-year [January 1, 2009 to December 31, 2009] Administrative Services Agreements with James H. Schultz, M.D., as Chair of the Department of Family Practice at PMC and with Daniel Harrison, M.D., as Chair of the Quality Management Committee at PMC.

Motion: X

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

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

DEPARTMENT CHAIR SERVICE AGREEMENT

THIS MEDICAL EXECUTIVE COMMITTEE SERVICE AGREEMENT (“Agreement”) is entered into on this first day of January, 2009, by and between Palomar Pomerado Health, a California health district organized under Section 23 of the Health and Safety Code (“PPH”) and James H. Schultz, M.D. (“Physician”), with respect to the following facts:

RECITALS:

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

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

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

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

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

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

3. Compensation.

3.1 Monthly Rate. PPH agrees to pay Physician Seven Hundred Fifty dollars (\$750.00) per month for Physician's performance of the Duties as Chair of the Department of Family Practice. Payment shall be made monthly within 30 days for the time spent by Physician in performing the Duties in the immediately preceding month.

3.2 Expenses. PPH recognizes that Physician may incur expenses in the performance of the Duties, such as meals, travel, and meeting expenses. Upon receipt of invoices, PPH agrees to reimburse Physician for such reasonable expenses.

3.3 Administrative Support. In addition to the compensation set forth above, PPH agrees to provide administrative secretarial support to assist Physician in fulfilling the Duties, which may include transcription of documents, scheduling of meetings, preparation of educational materials, arranging travel, and other secretarial tasks related to Physician's performance of the Duties, provided, however, such support shall not be provided to assist Physician's private practice. In addition, Physician agrees to cooperate with PPH with the development of time records associated with performance of Duties, and that such information may be used in the filing of the Medical Center's Medicare Program Cost Report.

4. Term. This Agreement shall commence on January 1, 2009 and shall continue until December 31, 2009, unless otherwise terminated under this Agreement.

5. Termination. This Agreement shall terminate automatically upon (i) completion of Physician's term as a member of the MEC, or (ii) Physician's resignation or removal from the MEC, or (iii) Physician's death or permanent disability, or (iv) at such time that Physician is no longer a member of the Medical Staff of PPH. In addition, this Agreement may be terminated by either party if the other party fails to cure a material breach within thirty (30) days of written notice thereof to the other party.

6. Relationship of the Parties.

6.1 Independent Contractor. In the performance of the work, duties and responsibilities under this Agreement, it is mutually understood and agreed that Physician is at all times acting and performing as an independent contractor. PPH shall neither have nor exercise any control or direction over the methods according to which Physician performs his work. The sole interest and responsibility of PPH is to ensure that the Duties shall be performed and rendered in a competent, efficient, and satisfactory manner. All applicable provisions of law and other rules and regulations of any and all governmental authorities relating to licensure and regulation of physicians and PPH shall be complied with by all parties hereto.

6.2 Taxes. Physician shall not be deemed an employee of PPH for any purpose whatsoever. Physician shall not be eligible to participate in any benefit program provided by PPH for its employees. Physician shall be exclusively responsible for the payment of all taxes,

withholding payments, penalties, fees, fringe benefits, contributions to health, disability, or life insurance plans and pension or other deferred compensation plans including but not limited to workers' compensation and Social Security obligations, licensing fees, etc., and the filing of all necessary documents, forms, and returns pertinent to all of the foregoing. Physician shall not bring, and shall hold harmless and provide PPH with a defense against any and all claims that PPH is responsible for the payment or filing of any of the foregoing payments, withholdings, contributions, taxes and documents and returns, including but not limited to Social Security taxes and employer income tax withholding obligations.

7. Physician Qualifications.

7.1 Licensure. Physician shall: (i) have a current license to practice in California, (ii) possess a valid DEA number, (iii) shall be active member of the Medical Staff of PPH in good standing, and (iv) shall be a member of the MEC in good standing. Physician shall abide by the PPH and Medical Staff bylaws, rules and regulations. Nothing herein is intended to bestow upon Physician staff membership or privileges. The initial appointment to the staff and continued reappointment shall be solely pursuant to Physician's qualifications and other information provided on the application and supporting documents.

7.2 Compliance with Laws. Physician shall also comply with all applicable laws, rules and regulations of governmental authorities and any and all other applicable rules and regulations of PPH.

8. Notice. Any notice permitted or required to be given under this Agreement from PPH to Physician, or from Physician to PPH, shall be deemed given when delivered personally or by certified mail, return receipt requested, addressed to the party in question at the following address:

To PPH: Gerald Bracht
Chief Administrative Officer
Palomar Medical Center
555 East Valley Parkway
Escondido, CA 92025

To Physician: James H. Schultz, M.D.
425 N. Date Street
Escondido, CA 92025

Notice sent by mail shall be deemed to have been delivered on the date delivery is indicated on the certified mail receipt.

9. Use of Hospital Facilities and Services. Nothing in this Agreement is intended, nor should it be inferred, to influence Physician's use of PPH facilities and/or services. Physician shall be free to refer patients to any health care providers and such referrals shall be made on the basis of the patient's need and the medical applicability of the provider or service.

10. Access to Records. To the extent required by law and pursuant to Section 952 of the Omnibus Reconciliation Act of 1980 (42 U.S.C. § 1395x(u)(I)), this contract and the books, documents and records of Physician shall be provided, upon written request, to the Comptroller General of the United States, the Department of Health & Human Services (HHS) or their duly authorized representatives for verification of the costs of the services provided by Physician to PPH. Nothing in this provision shall be construed to confer any right of access to books, documents or records other than when, for purposes of Medicare reimbursement to PPH verification of the costs is necessary and cannot satisfactorily and efficiently be resolved in some alternate manner. Nothing in this provision shall be construed to waive any legal privilege from disclosure or to waive the rights of the parties to this contract to object to such access. This provision shall remain effective only until four (4) years following the date services are furnished by Physician under this Agreement.

11. Entire Agreement; Modification. This Agreement is complete and contains the entire agreement of the parties with respect to the subject matter herein; no representations, inducements, promises or agreements, oral or otherwise, not embodied herein shall be of any force or effect. This Agreement cannot be modified except by a written modification executed by both parties.

12. Governing Law. This Agreement shall be construed, interpreted and applied, and the rights and obligations hereunder determined, in accordance with the laws of the State of California.

13. Severability. In the case that any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

14. Remedies. Each party shall be entitled to all rights and remedies provided at law or in equity for the breach of the terms of this Agreement, including the right of the prevailing party to receive reasonable attorney's fees and costs incurred in the enforcement of the terms of this Agreement, both at trial and on any appeal.

16. Assignment. Neither party can assign this Agreement without the express written consent of the other party. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties.

17. Authorization. The parties recognize that this Agreement requires the approval of the Board of Directors of PPH before it is effective. PPH shall submit this Agreement to its Board of Directors at the next regularly scheduled meeting following the execution by the parties and this Agreement shall be effective upon said board authorization.

IN WITNESS WHEREOF, PPH has caused this Agreement to be duly executed by its Executive Vice President, pursuant to authorization by the Board of Directors, and Physician has executed the same by hereunto subscribing their names.

PPH:

Palomar Pomerado Health

Date: _____, 2009

By _____
Robert A. Hemker
Chief Financial Officer

PHYSICIAN:

Date: _____, 2009

Exhibit A

DUTIES

The duties of Physician as Chair of Department of Family Practice shall include, but not be limited to:

- (a) Be accountable to the Medical Executive Committee and to the Chief of staff for all clinically related activities of the Department, and all administratively related activities of the Department, unless otherwise provided for by PPH.
- (b) Be accountable for continuing surveillance of the professional performance of all individuals in the Department.
- (c) Be accountable for the integration of the Department into the primary functions of PPH and the coordination and integration of inter- and intra- Departmental services.
- (d) Implement Departmental procedures, in cooperation with the Chief of Staff and consistent with the provisions of these Bylaws, that guide and support the provision of services, the orientation and continuing education of all persons in the Department, and the development of criteria for clinical privileges.
- (e) Perform such other duties commensurate with the office as may be required by the Bylaws of PPH or the Medical Staff Rules and Regulations or as may be reasonably requested by the Chief of Staff, the Medical Executive Committee or the Board of Directors.
- (f) Attend all required meetings and to follow Department policies and procedures.
- (g) As a member of the Medical Executive committee, give guidance on the overall policies of PPH and make specific recommendations and suggestions regarding the Department.
- (h) Attend the Medical Executive Committee meetings, and report back to the Department in a timely manner the substance of the meeting. Additionally, Physician will implement within the department actions taken by the Medical Executive Committee and the Board.
- (i) Submit recommendations concerning clinical privileges and corrective action with respect to all practitioners in the Department.

QUALITY MANAGEMENT COMMITTEE CHAIR SERVICE AGREEMENT

THIS MEDICAL EXECUTIVE COMMITTEE SERVICE AGREEMENT (“Agreement”) is entered into on this first day of January, 2009, by and between Palomar Pomerado Health, a California health district organized under Section 23 of the Health and Safety Code (“PPH”) and Daniel C. Harrison, M.D. (“Physician”), with respect to the following facts:

RECITALS:

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

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

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

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

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

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

3. Compensation.

3.1 Monthly Rate. PPH agrees to pay Physician Seven Hundred Fifty dollars (\$750.00) per month for Physician's performance of the Duties as Chair of the Department of Family Practice. Payment shall be made monthly within 30 days for the time spent by Physician in performing the Duties in the immediately preceding month.

3.2 Expenses. PPH recognizes that Physician may incur expenses in the performance of the Duties, such as meals, travel, and meeting expenses. Upon receipt of invoices, PPH agrees to reimburse Physician for such reasonable expenses.

3.3 Administrative Support. In addition to the compensation set forth above, PPH agrees to provide administrative secretarial support to assist Physician in fulfilling the Duties, which may include transcription of documents, scheduling of meetings, preparation of educational materials, arranging travel, and other secretarial tasks related to Physician's performance of the Duties, provided, however, such support shall not be provided to assist Physician's private practice. In addition, Physician agrees to cooperate with PPH with the development of time records associated with performance of Duties, and that such information may be used in the filing of the Medical Center's Medicare Program Cost Report.

4. Term. This Agreement shall commence on January 1, 2009 and shall continue until December 31, 2009, unless otherwise terminated under this Agreement.

5. Termination. This Agreement shall terminate automatically upon (i) completion of Physician's term as a member of the MEC, or (ii) Physician's resignation or removal from the MEC, or (iii) Physician's death or permanent disability, or (iv) at such time that Physician is no longer a member of the Medical Staff of PPH. In addition, this Agreement may be terminated by either party if the other party fails to cure a material breach within thirty (30) days of written notice thereof to the other party.

6. Relationship of the Parties.

6.1 Independent Contractor. In the performance of the work, duties and responsibilities under this Agreement, it is mutually understood and agreed that Physician is at all times acting and performing as an independent contractor. PPH shall neither have nor exercise any control or direction over the methods according to which Physician performs his work. The sole interest and responsibility of PPH is to ensure that the Duties shall be performed and rendered in a competent, efficient, and satisfactory manner. All applicable provisions of law and other rules and regulations of any and all governmental authorities relating to licensure and regulation of physicians and PPH shall be complied with by all parties hereto.

6.2 Taxes. Physician shall not be deemed an employee of PPH for any purpose whatsoever. Physician shall not be eligible to participate in any benefit program provided by PPH for its employees. Physician shall be exclusively responsible for the payment of all taxes,

withholding payments, penalties, fees, fringe benefits, contributions to health, disability, or life insurance plans and pension or other deferred compensation plans including but not limited to workers' compensation and Social Security obligations, licensing fees, etc., and the filing of all necessary documents, forms, and returns pertinent to all of the foregoing. Physician shall not bring, and shall hold harmless and provide PPH with a defense against any and all claims that PPH is responsible for the payment or filing of any of the foregoing payments, withholdings, contributions, taxes and documents and returns, including but not limited to Social Security taxes and employer income tax withholding obligations.

7. Physician Qualifications.

7.1 Licensure. Physician shall: (i) have a current license to practice in California, (ii) possess a valid DEA number, (iii) shall be active member of the Medical Staff of PPH in good standing, and (iv) shall be a member of the MEC in good standing. Physician shall abide by the PPH and Medical Staff bylaws, rules and regulations. Nothing herein is intended to bestow upon Physician staff membership or privileges. The initial appointment to the staff and continued reappointment shall be solely pursuant to Physician's qualifications and other information provided on the application and supporting documents.

7.2 Compliance with Laws. Physician shall also comply with all applicable laws, rules and regulations of governmental authorities and any and all other applicable rules and regulations of PPH.

8. Notice. Any notice permitted or required to be given under this Agreement from PPH to Physician, or from Physician to PPH, shall be deemed given when delivered personally or by certified mail, return receipt requested, addressed to the party in question at the following address:

To PPH: Gerald Bracht
Chief Administrative Officer
Palomar Medical Center
555 East Valley Parkway
Escondido, CA 92025

To Physician: Daniel C. Harrison, M.D.
1001 East Grand Avenue
Escondido, CA 92025

Notice sent by mail shall be deemed to have been delivered on the date delivery is indicated on the certified mail receipt.

9. Use of Hospital Facilities and Services. Nothing in this Agreement is intended, nor should it be inferred, to influence Physician's use of PPH facilities and/or services. Physician shall be free to refer patients to any health care providers and such referrals shall be made on the basis of the patient's need and the medical applicability of the provider or service.

10. Access to Records. To the extent required by law and pursuant to Section 952 of the Omnibus Reconciliation Act of 1980 (42 U.S.C. § 1395x(u)(I)), this contract and the books, documents and records of Physician shall be provided, upon written request, to the Comptroller General of the United States, the Department of Health & Human Services (HHS) or their duly authorized representatives for verification of the costs of the services provided by Physician to PPH. Nothing in this provision shall be construed to confer any right of access to books, documents or records other than when, for purposes of Medicare reimbursement to PPH verification of the costs is necessary and cannot satisfactorily and efficiently be resolved in some alternate manner. Nothing in this provision shall be construed to waive any legal privilege from disclosure or to waive the rights of the parties to this contract to object to such access. This provision shall remain effective only until four (4) years following the date services are furnished by Physician under this Agreement.

11. Entire Agreement; Modification. This Agreement is complete and contains the entire agreement of the parties with respect to the subject matter herein; no representations, inducements, promises or agreements, oral or otherwise, not embodied herein shall be of any force or effect. This Agreement cannot be modified except by a written modification executed by both parties.

12. Governing Law. This Agreement shall be construed, interpreted and applied, and the rights and obligations hereunder determined, in accordance with the laws of the State of California.

13. Severability. In the case that any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

14. Remedies. Each party shall be entitled to all rights and remedies provided at law or in equity for the breach of the terms of this Agreement, including the right of the prevailing party to receive reasonable attorney's fees and costs incurred in the enforcement of the terms of this Agreement, both at trial and on any appeal.

16. Assignment. Neither party can assign this Agreement without the express written consent of the other party. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties.

17. Authorization. The parties recognize that this Agreement requires the approval of the Board of Directors of PPH before it is effective. PPH shall submit this Agreement to its Board of Directors at the next regularly scheduled meeting following the execution by the parties and this Agreement shall be effective upon said board authorization.

IN WITNESS WHEREOF, PPH has caused this Agreement to be duly executed by its Executive Vice President, pursuant to authorization by the Board of Directors, and Physician has executed the same by hereunto subscribing their names.

PPH:

Palomar Pomerado Health

Date: _____, 2009

By _____
Robert A. Hemker
Chief Financial Officer

PHYSICIAN:

Date: _____, 2009

Exhibit A

DUTIES

Practitioner, as Chairman of the Quality Management Committee at Palomar Medical Center shall provide the following services:

1. Establish systems to identify opportunities to improve performance;
2. Review summary reports and recommendations from each department to determine if appropriate action has been taken to correct significant variances or deficiencies;
3. Coordinate performance improvement functions and reporting from each department;
4. Oversee resolution of interdepartmental conflicts regarding specific quality issues or trends;
5. Support the medical staff and hospital departments in fulfilling required functions;
6. Review summary reports and recommendations to determine if appropriate action has been taken to correct identified problems and improve performance;
7. Communicate appropriate information across departments and services when multidisciplinary opportunities for improvement are identified;
8. Routinely measure and assess results of actions taken to improve performance; and
9. Submit regular confidential findings, conclusions, recommendations and actions to the Executive Committees and Board Quality Review Committee.

**POMERADO HOSPITAL
ADMINISTRATIVE SERVICES AGREEMENTS
MEDICAL STAFF OFFICERS,**

TO: Board of Directors

MEETING DATE: Monday, February 9, 2009

FROM: Board Finance Committee
Tuesday, January 27, 2009

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

BACKGROUND: Pomerado Hospital (POM) Medical Staff Officers are compensated for services performed as required by the Medical Staff Bylaws. These agreements serve to document the relationship of the Medical Staff Officers to PPH, and the duties to be performed as consideration for the stipend to assure compliance with Federal regulations.

Presented are the Administrative Services Agreements for the Chief of Staff, Chief of Staff-Elect and the Chair for the Quality Management Committee.

There are three Agreements for implementation at Pomerado Hospital:

Chief of Staff – Franklin M. Martin, M.D. – Two-year term
Chief of Staff-Elect – Roger J. Acheatel, M.D. – Two-year term
Chairman, Quality Management Committee – Roger J. Acheatel, M.D. – One year Term

The attached Agreement Abstract applies to all three Agreements.

BUDGET IMPACT: None

STAFF RECOMMENDATION: Approval

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the two-year **[January 1, 2009 to December 31, 2010]** Administrative Services Agreements with Franklin M. Martin, M.D., as Chief of Staff at POM; and with Roger J. Acheatel, M.D., as Chief of Staff-Elect at POM; and approval of the one-year **[January 1, 2009 to December 31, 2009]** Administrative Services Agreement with Roger J. Acheatel, M.D., as Chair of the Quality Management Committee at POM.

Motion: X

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Chief of Staff Service Agreement, Chief of Staff-Elect Service Agreement and Quality Management Committee Chair Service Agreement
	AGREEMENT DATE	January 1, 2009
	PARTIES	Chief of Staff, Chief of Staff-Elect, QMC Chair, Pomerado Hospital Medical Staff and PPH
	PURPOSE	To provide administrative services on behalf of Pomerado Hospital Medical Staff in accordance with Medical Staff Bylaws
	SCOPE OF SERVICES	As per duties defined in Pomerado Hospital Medical Staff Bylaws
	PROCUREMENT METHOD	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	TERM	January 1, 2009 – December 31, 2009 – Quality Management Committee Chair January 1, 2009- December 31, 2010 – Chief of Staff and Chief of Staff-Elect
	RENEWAL	None
	TERMINATION	As described under §3.3 - 5
	COMPENSATION METHODOLOGY	Monthly.
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	EXCLUSIVITY	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	JUSTIFICATION	These are positions elected or appointed by the Medical Staff in accordance with Medical Staff Bylaws.
	POSITION POSTED	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Methodology & Response: Elected/Appointed by the Pomerado Hospital Medical Staff
	ALTERNATIVES/IMPACT	N/A
	DUTIES	Defined in the Pomerado Hospital Medical Staff Bylaws.
	COMMENTS	The agreement template was developed by legal counsel in 2008. The positions are voted upon by Active members of the Medical Staff or appointed by the Chief of Staff.
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Committee <u>FINANCE</u> <input checked="" type="checkbox"/> BOD

CHIEF OF STAFF SERVICE AGREEMENT

THIS MEDICAL EXECUTIVE COMMITTEE SERVICE AGREEMENT (“Agreement”) is entered into on this first day of January, 2009, by and between Palomar Pomerado Health, a California health district organized under Section 23 of the Health and Safety Code (“PPH”) and Franklin M. Martin, M.D. (“Physician”), with respect to the following facts:

RECITALS:

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

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

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

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

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

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

3. Compensation.

3.1 Monthly Rate. PPH agrees to pay Physician Four Thousand Dollars (\$4,000.00) per month for Physician's performance of the Duties as Chief of Staff. Payment shall be made monthly within 30 days for the time spent by Physician in performing the Duties in the immediately preceding month.

3.2 Expenses. PPH recognizes that Physician may incur expenses in the performance of the Duties, such as meals, travel, and meeting expenses. Upon receipt of invoices, PPH agrees to reimburse Physician for such reasonable expenses.

3.3 Administrative Support. In addition to the compensation set forth above, PPH agrees to provide administrative secretarial support to assist Physician in fulfilling the Duties, which may include transcription of documents, scheduling of meetings, preparation of educational materials, arranging travel, and other secretarial tasks related to Physician's performance of the Duties, provided, however, such support shall not be provided to assist Physician's private practice. In addition, Physician agrees to cooperate with PPH with the development of time records associated with performance of Duties, and that such information may be used in the filing of the Hospital's Medicare Program Cost Report.

4. Term. This Agreement shall commence on January 1, 2009 and shall continue until December 31, 2010, unless otherwise terminated under this Agreement.

5. Termination. This Agreement shall terminate automatically upon (i) completion of Physician's term as a member of the MEC, or (ii) Physician's resignation or removal from the MEC, or (iii) Physician's death or permanent disability, or (iv) at such time that Physician is no longer a member of the Medical Staff of PPH. In addition, this Agreement may be terminated by either party if the other party fails to cure a material breach within thirty (30) days of written notice thereof to the other party.

6. Relationship of the Parties.

6.1 Independent Contractor. In the performance of the work, duties and responsibilities under this Agreement, it is mutually understood and agreed that Physician is at all times acting and performing as an independent contractor. PPH shall neither have nor exercise any control or direction over the methods according to which Physician performs his work. The sole interest and responsibility of PPH is to ensure that the Duties shall be performed and rendered in a competent, efficient, and satisfactory manner. All applicable provisions of law and other rules and regulations of any and all governmental authorities relating to licensure and regulation of physicians and PPH shall be complied with by all parties hereto.

6.2 Taxes. Physician shall not be deemed an employee of PPH for any purpose whatsoever. Physician shall not be eligible to participate in any benefit program provided by PPH for its employees. Physician shall be exclusively responsible for the payment of all taxes,

withholding payments, penalties, fees, fringe benefits, contributions to health, disability, or life insurance plans and pension or other deferred compensation plans including but not limited to workers' compensation and Social Security obligations, licensing fees, etc., and the filing of all necessary documents, forms, and returns pertinent to all of the foregoing. Physician shall not bring, and shall hold harmless and provide PPH with a defense against any and all claims that PPH is responsible for the payment or filing of any of the foregoing payments, withholdings, contributions, taxes and documents and returns, including but not limited to Social Security taxes and employer income tax withholding obligations.

7. Physician Qualifications.

7.1 Licensure. Physician shall: (i) have a current license to practice in California, (ii) possess a valid DEA number, (iii) shall be active member of the Medical Staff of PPH in good standing, and (iv) shall be a member of the MEC in good standing. Physician shall abide by the PPH and Medical Staff bylaws, rules and regulations. Nothing herein is intended to bestow upon Physician staff membership or privileges. The initial appointment to the staff and continued reappointment shall be solely pursuant to Physician's qualifications and other information provided on the application and supporting documents.

7.2 Compliance with Laws. Physician shall also comply with all applicable laws, rules and regulations of governmental authorities and any and all other applicable rules and regulations of PPH.

8. Notice. Any notice permitted or required to be given under this Agreement from PPH to Physician, or from Physician to PPH, shall be deemed given when delivered personally or by certified mail, return receipt requested, addressed to the party in question at the following address:

To PPH: David Tam, M.D.
Chief Administrative Officer
Pomerado Hospital
15615 Pomerado Road
Poway, CA 92064

To Physician: Franklin M. Martin, M.D.
488 East Valley Parkway
Suite 211
Escondido, CA 92025

Notice sent by mail shall be deemed to have been delivered on the date delivery is indicated on the certified mail receipt.

9. Use of Hospital Facilities and Services. Nothing in this Agreement is intended, nor should it be inferred, to influence Physician's use of PPH facilities and/or services. Physician shall be free to refer patients to any health care providers and such referrals shall be made on the basis of the patient's need and the medical applicability of the provider or service.

10. Access to Records. To the extent required by law and pursuant to Section 952 of the Omnibus Reconciliation Act of 1980 (42 U.S.C. § 1395x(u)(I)), this contract and the books, documents and records of Physician shall be provided, upon written request, to the Comptroller General of the United States, the Department of Health & Human Services (HHS) or their duly authorized representatives for verification of the costs of the services provided by Physician to PPH. Nothing in this provision shall be construed to confer any right of access to books, documents or records other than when, for purposes of Medicare reimbursement to PPH verification of the costs is necessary and cannot satisfactorily and efficiently be resolved in some alternate manner. Nothing in this provision shall be construed to waive any legal privilege from disclosure or to waive the rights of the parties to this contract to object to such access. This provision shall remain effective only until four (4) years following the date services are furnished by Physician under this Agreement.

11. Entire Agreement; Modification. This Agreement is complete and contains the entire agreement of the parties with respect to the subject matter herein; no representations, inducements, promises or agreements, oral or otherwise, not embodied herein shall be of any force or effect. This Agreement cannot be modified except by a written modification executed by both parties.

12. Governing Law. This Agreement shall be construed, interpreted and applied, and the rights and obligations hereunder determined, in accordance with the laws of the State of California.

13. Severability. In the case that any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

14. Remedies. Each party shall be entitled to all rights and remedies provided at law or in equity for the breach of the terms of this Agreement, including the right of the prevailing party to receive reasonable attorney's fees and costs incurred in the enforcement of the terms of this Agreement, both at trial and on any appeal.

16. Assignment. Neither party can assign this Agreement without the express written consent of the other party. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties.

17. Authorization. The parties recognize that this Agreement requires the approval of the Board of Directors of PPH before it is effective. PPH shall submit this Agreement to its Board of Directors at the next regularly scheduled meeting following the execution by the parties and this Agreement shall be effective upon said board authorization.

IN WITNESS WHEREOF, PPH has caused this Agreement to be duly executed by its Executive Vice President, pursuant to authorization by the Board of Directors, and Physician has executed the same by hereunto subscribing their names.

PPH:

Palomar Pomerado Health

Date: _____, 2009

By _____
Robert A. Hemker
Chief Financial Officer

PHYSICIAN:

Date: _____, 2009

Franklin M. Martin, M.D.

Exhibit A

DUTIES

Physician, as Chief of Staff at Pomerado Hospital shall provide the following services:

The Chief of Staff shall serve as the chief officer of the Medical Staff. The duties of the Chief of Staff shall include but not be limited to:

- i. Enforcing the bylaws, rules and regulations of the Medical Staff, implementing sanctions where indicated, and promoting compliance with the procedural safeguards where corrective action has been requested or initiated.
- ii. Calling, presiding at, and being responsible for the agenda of all meetings of the Medical Staff.
- iii. Serving as Chair of the Executive Committee.
- iv. Serving as a nonvoting member of all other committees of the Medical Staff unless his membership on a particular committee is required by these bylaws.
- v. Interacting with the hospital administrator and the Board of Directors in all matters of mutual concern within the Hospital.
- vi. Appointing members for all standing and special liaison, multi-disciplinary, or Medical Staff committees, except where otherwise provided by these bylaws, and except where otherwise indicated, designating the chairpersons of these committees.
- vii. Representing the views and policies of the Medical Staff to the Board of Directors and to the hospital administrator.
- viii. Being a spokesperson for the Medical Staff in external professional and public relations.
- ix. Serving on liaison committees with the Board of Directors and administration, as well as outside licensing or accreditation agencies.
- x. Performing such other functions as may be assigned to them by these bylaws, the Medical Staff, or by the Executive Committee.

CHIEF OF STAFF-ELECT SERVICE AGREEMENT

THIS MEDICAL EXECUTIVE COMMITTEE SERVICE AGREEMENT (“Agreement”) is entered into on this first day of January, 2009, by and between Palomar Pomerado Health, a California health district organized under Section 23 of the Health and Safety Code (“PPH”) and Roger J. Acheatel, M.D. (“Physician”), with respect to the following facts:

RECITALS:

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

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

C. Physician is a member of the Medical Executive Committee (“MEC”) which has been established pursuant to the Medical Staff Bylaws of Pomerado Hospital. Physician is Chief of Staff-Elect of that hospital. As Chief of Staff-Elect, Physician is required to perform a number of duties (the “Duties”) set forth in the Medical Staff Bylaws and Performance Improvement Plan.

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

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

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

3. Compensation.

3.1 Monthly Rate. PPH agrees to pay Physician Two Thousand Dollars (\$2,000.00) per month for Physician's performance of the Duties as Chief of Staff-Elect. Payment shall be made monthly within 30 days for the time spent by Physician in performing the Duties in the immediately preceding month.

3.2 Expenses. PPH recognizes that Physician may incur expenses in the performance of the Duties, such as meals, travel, and meeting expenses. Upon receipt of invoices, PPH agrees to reimburse Physician for such reasonable expenses.

3.3 Administrative Support. In addition to the compensation set forth above, PPH agrees to provide administrative secretarial support to assist Physician in fulfilling the Duties, which may include transcription of documents, scheduling of meetings, preparation of educational materials, arranging travel, and other secretarial tasks related to Physician's performance of the Duties, provided, however, such support shall not be provided to assist Physician's private practice. In addition, Physician agrees to cooperate with PPH with the development of time records associated with performance of Duties, and that such information may be used in the filing of the Hospital's Medicare Program Cost Report.

4. Term. This Agreement shall commence on January 1, 2009 and shall continue until December 31, 2010, unless otherwise terminated under this Agreement.

5. Termination. This Agreement shall terminate automatically upon (i) completion of Physician's term as a member of the MEC, or (ii) Physician's resignation or removal from the MEC, or (iii) Physician's death or permanent disability, or (iv) at such time that Physician is no longer a member of the Medical Staff of PPH. In addition, this Agreement may be terminated by either party if the other party fails to cure a material breach within thirty (30) days of written notice thereof to the other party.

6. Relationship of the Parties.

6.1 Independent Contractor. In the performance of the work, duties and responsibilities under this Agreement, it is mutually understood and agreed that Physician is at all times acting and performing as an independent contractor. PPH shall neither have nor exercise any control or direction over the methods according to which Physician performs his work. The sole interest and responsibility of PPH is to ensure that the Duties shall be performed and rendered in a competent, efficient, and satisfactory manner. All applicable provisions of law and other rules and regulations of any and all governmental authorities relating to licensure and regulation of physicians and PPH shall be complied with by all parties hereto.

6.2 Taxes. Physician shall not be deemed an employee of PPH for any purpose whatsoever. Physician shall not be eligible to participate in any benefit program provided by PPH for its employees. Physician shall be exclusively responsible for the payment of all taxes,

withholding payments, penalties, fees, fringe benefits, contributions to health, disability, or life insurance plans and pension or other deferred compensation plans including but not limited to workers' compensation and Social Security obligations, licensing fees, etc., and the filing of all necessary documents, forms, and returns pertinent to all of the foregoing. Physician shall not bring, and shall hold harmless and provide PPH with a defense against any and all claims that PPH is responsible for the payment or filing of any of the foregoing payments, withholdings, contributions, taxes and documents and returns, including but not limited to Social Security taxes and employer income tax withholding obligations.

7. Physician Qualifications.

7.1 Licensure. Physician shall: (i) have a current license to practice in California, (ii) possess a valid DEA number, (iii) shall be active member of the Medical Staff of PPH in good standing, and (iv) shall be a member of the MEC in good standing. Physician shall abide by the PPH and Medical Staff bylaws, rules and regulations. Nothing herein is intended to bestow upon Physician staff membership or privileges. The initial appointment to the staff and continued reappointment shall be solely pursuant to Physician's qualifications and other information provided on the application and supporting documents.

7.2 Compliance with Laws. Physician shall also comply with all applicable laws, rules and regulations of governmental authorities and any and all other applicable rules and regulations of PPH.

8. Notice. Any notice permitted or required to be given under this Agreement from PPH to Physician, or from Physician to PPH, shall be deemed given when delivered personally or by certified mail, return receipt requested, addressed to the party in question at the following address:

To PPH: David Tam, M.D.
Chief Administrative Officer
Pomerado Hospital
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Poway, CA 92064

To Physician: Roger J. Acheatel, M.D.
488 East Valley Parkway
Suite 201
Escondido, CA 92025

Notice sent by mail shall be deemed to have been delivered on the date delivery is indicated on the certified mail receipt.

9. Use of Hospital Facilities and Services. Nothing in this Agreement is intended, nor should it be inferred, to influence Physician's use of PPH facilities and/or services. Physician shall be free to refer patients to any health care providers and such referrals shall be made on the basis of the patient's need and the medical applicability of the provider or service.

10. Access to Records. To the extent required by law and pursuant to Section 952 of the Omnibus Reconciliation Act of 1980 (42 U.S.C. § 1395x(u)(I)), this contract and the books, documents and records of Physician shall be provided, upon written request, to the Comptroller General of the United States, the Department of Health & Human Services (HHS) or their duly authorized representatives for verification of the costs of the services provided by Physician to PPH. Nothing in this provision shall be construed to confer any right of access to books, documents or records other than when, for purposes of Medicare reimbursement to PPH verification of the costs is necessary and cannot satisfactorily and efficiently be resolved in some alternate manner. Nothing in this provision shall be construed to waive any legal privilege from disclosure or to waive the rights of the parties to this contract to object to such access. This provision shall remain effective only until four (4) years following the date services are furnished by Physician under this Agreement.

11. Entire Agreement; Modification. This Agreement is complete and contains the entire agreement of the parties with respect to the subject matter herein; no representations, inducements, promises or agreements, oral or otherwise, not embodied herein shall be of any force or effect. This Agreement cannot be modified except by a written modification executed by both parties.

12. Governing Law. This Agreement shall be construed, interpreted and applied, and the rights and obligations hereunder determined, in accordance with the laws of the State of California.

13. Severability. In the case that any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

14. Remedies. Each party shall be entitled to all rights and remedies provided at law or in equity for the breach of the terms of this Agreement, including the right of the prevailing party to receive reasonable attorney's fees and costs incurred in the enforcement of the terms of this Agreement, both at trial and on any appeal.

16. Assignment. Neither party can assign this Agreement without the express written consent of the other party. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties.

17. Authorization. The parties recognize that this Agreement requires the approval of the Board of Directors of PPH before it is effective. PPH shall submit this Agreement to its Board of Directors at the next regularly scheduled meeting following the execution by the parties and this Agreement shall be effective upon said board authorization.

IN WITNESS WHEREOF, PPH has caused this Agreement to be duly executed by its Executive Vice President, pursuant to authorization by the Board of Directors, and Physician has executed the same by hereunto subscribing their names.

PPH:

Palomar Pomerado Health

Date: _____, 2009

By _____
Robert A. Hemker
Chief Financial Officer

PHYSICIAN:

Date: _____, 2009

Roger J. Acheatel, M.D.

Exhibit A

DUTIES

Physician, as Chief of Staff-Elect at Pomerado Hospital shall provide the following services:

The Chief of Staff-Elect shall assume all duties and authority of the Chief of Staff in the absence of the Chief of Staff. The Chief of Staff-Elect shall be a member of the Executive Committee. He shall serve as the Vice Chair of the Quality Management Committee, and shall perform such other duties as the Chief of Staff may assign, or as may be delegated by these bylaws or by the Executive Committee.

QUALITY MANAGEMENT COMMITTEE CHAIR SERVICE AGREEMENT

THIS MEDICAL EXECUTIVE COMMITTEE SERVICE AGREEMENT (“Agreement”) is entered into on this first day of January, 2009, by and between Palomar Pomerado Health, a California health district organized under Section 23 of the Health and Safety Code (“PPH”) and Roger J. Acheatel, M.D. (“Physician”), with respect to the following facts:

RECITALS:

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

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

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

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

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

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

3. Compensation.

3.1 Monthly Rate. PPH agrees to pay Physician Two Thousand Dollars (\$2,000.00) per month for Physician's performance of the Duties as Quality Management Committee Chair. Payment shall be made monthly within 30 days for the time spent by Physician in performing the Duties in the immediately preceding month.

3.2 Expenses. PPH recognizes that Physician may incur expenses in the performance of the Duties, such as meals, travel, and meeting expenses. Upon receipt of invoices, PPH agrees to reimburse Physician for such reasonable expenses.

3.3 Administrative Support. In addition to the compensation set forth above, PPH agrees to provide administrative secretarial support to assist Physician in fulfilling the Duties, which may include transcription of documents, scheduling of meetings, preparation of educational materials, arranging travel, and other secretarial tasks related to Physician's performance of the Duties, provided, however, such support shall not be provided to assist Physician's private practice. In addition, Physician agrees to cooperate with PPH with the development of time records associated with performance of Duties, and that such information may be used in the filing of the Hospital's Medicare Program Cost Report.

4. Term. This Agreement shall commence on January 1, 2009 and shall continue until December 31, 2009, unless otherwise terminated under this Agreement.

5. Termination. This Agreement shall terminate automatically upon (i) completion of Physician's term as a member of the MEC, or (ii) Physician's resignation or removal from the MEC, or (iii) Physician's death or permanent disability, or (iv) at such time that Physician is no longer a member of the Medical Staff of PPH. In addition, this Agreement may be terminated by either party if the other party fails to cure a material breach within thirty (30) days of written notice thereof to the other party.

6. Relationship of the Parties.

6.1 Independent Contractor. In the performance of the work, duties and responsibilities under this Agreement, it is mutually understood and agreed that Physician is at all times acting and performing as an independent contractor. PPH shall neither have nor exercise any control or direction over the methods according to which Physician performs his work. The sole interest and responsibility of PPH is to ensure that the Duties shall be performed and rendered in a competent, efficient, and satisfactory manner. All applicable provisions of law and other rules and regulations of any and all governmental authorities relating to licensure and regulation of physicians and PPH shall be complied with by all parties hereto.

6.2 Taxes. Physician shall not be deemed an employee of PPH for any purpose whatsoever. Physician shall not be eligible to participate in any benefit program provided by PPH for its employees. Physician shall be exclusively responsible for the payment of all taxes,

withholding payments, penalties, fees, fringe benefits, contributions to health, disability, or life insurance plans and pension or other deferred compensation plans including but not limited to workers' compensation and Social Security obligations, licensing fees, etc., and the filing of all necessary documents, forms, and returns pertinent to all of the foregoing. Physician shall not bring, and shall hold harmless and provide PPH with a defense against any and all claims that PPH is responsible for the payment or filing of any of the foregoing payments, withholdings, contributions, taxes and documents and returns, including but not limited to Social Security taxes and employer income tax withholding obligations.

7. Physician Qualifications.

7.1 Licensure. Physician shall: (i) have a current license to practice in California, (ii) possess a valid DEA number, (iii) shall be active member of the Medical Staff of PPH in good standing, and (iv) shall be a member of the MEC in good standing. Physician shall abide by the PPH and Medical Staff bylaws, rules and regulations. Nothing herein is intended to bestow upon Physician staff membership or privileges. The initial appointment to the staff and continued reappointment shall be solely pursuant to Physician's qualifications and other information provided on the application and supporting documents.

7.2 Compliance with Laws. Physician shall also comply with all applicable laws, rules and regulations of governmental authorities and any and all other applicable rules and regulations of PPH.

8. Notice. Any notice permitted or required to be given under this Agreement from PPH to Physician, or from Physician to PPH, shall be deemed given when delivered personally or by certified mail, return receipt requested, addressed to the party in question at the following address:

To PPH: David Tam, M.D.
Chief Administrative Officer
Pomerado Hospital
15615 Pomerado Road
Poway, CA 92064

To Physician: Roger J. Acheatel, M.D.
488 East Valley Parkway
Suite 201
Escondido, CA 92025

Notice sent by mail shall be deemed to have been delivered on the date delivery is indicated on the certified mail receipt.

9. Use of Hospital Facilities and Services. Nothing in this Agreement is intended, nor should it be inferred, to influence Physician's use of PPH facilities and/or services. Physician shall be free to refer patients to any health care providers and such referrals shall be made on the basis of the patient's need and the medical applicability of the provider or service.

10. Access to Records. To the extent required by law and pursuant to Section 952 of the Omnibus Reconciliation Act of 1980 (42 U.S.C. § 1395x(u)(I)), this contract and the books, documents and records of Physician shall be provided, upon written request, to the Comptroller General of the United States, the Department of Health & Human Services (HHS) or their duly authorized representatives for verification of the costs of the services provided by Physician to PPH. Nothing in this provision shall be construed to confer any right of access to books, documents or records other than when, for purposes of Medicare reimbursement to PPH verification of the costs is necessary and cannot satisfactorily and efficiently be resolved in some alternate manner. Nothing in this provision shall be construed to waive any legal privilege from disclosure or to waive the rights of the parties to this contract to object to such access. This provision shall remain effective only until four (4) years following the date services are furnished by Physician under this Agreement.

11. Entire Agreement; Modification. This Agreement is complete and contains the entire agreement of the parties with respect to the subject matter herein; no representations, inducements, promises or agreements, oral or otherwise, not embodied herein shall be of any force or effect. This Agreement cannot be modified except by a written modification executed by both parties.

12. Governing Law. This Agreement shall be construed, interpreted and applied, and the rights and obligations hereunder determined, in accordance with the laws of the State of California.

13. Severability. In the case that any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

14. Remedies. Each party shall be entitled to all rights and remedies provided at law or in equity for the breach of the terms of this Agreement, including the right of the prevailing party to receive reasonable attorney's fees and costs incurred in the enforcement of the terms of this Agreement, both at trial and on any appeal.

16. Assignment. Neither party can assign this Agreement without the express written consent of the other party. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties.

17. Authorization. The parties recognize that this Agreement requires the approval of the Board of Directors of PPH before it is effective. PPH shall submit this Agreement to its Board of Directors at the next regularly scheduled meeting following the execution by the parties and this Agreement shall be effective upon said board authorization.

IN WITNESS WHEREOF, PPH has caused this Agreement to be duly executed by its Executive Vice President, pursuant to authorization by the Board of Directors, and Physician has executed the same by hereunto subscribing their names.

PPH:

Palomar Pomerado Health

Date: _____, 2009

By _____
Robert A. Hemker
Chief Financial Officer

PHYSICIAN:

Date: _____, 2009

Roger J. Acheatel, M.D.

Exhibit A

DUTIES

Physician, as Chairman of the Quality Management Committee at Pomerado Hospital shall provide the following services:

1. Establish systems to identify opportunities to improve performance;
2. Review summary reports and recommendations from each department to determine if appropriate action has been taken to correct significant variances or deficiencies;
3. Coordinate performance improvement functions and reporting from each department;
4. Oversee resolution of interdepartmental conflicts regarding specific quality issues or trends;
5. Support the medical staff and hospital departments in fulfilling required functions;
6. Review summary reports and recommendations to determine if appropriate action has been taken to correct identified problems and improve performance;
7. Communicate appropriate information across departments and services when multidisciplinary opportunities for improvement are identified;
8. Routinely measure and assess results of actions taken to improve performance; and
9. Submit regular confidential findings, conclusions, recommendations and actions to the Executive Committees and Board Quality Review Committee.

**VHA/Novation
Southern California Purchasing Coalition**

TO: Board of Directors

MEETING DATE: Monday, February 9, 2009

FROM: Board Finance Committee
Tuesday, January 27, 2009

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

Background: In December 2008, Bob Hemker & Paul Sas attended a VHA/Novation meeting to discuss the formation of a Southern California Purchasing Coalition (SCPC). The goal was to gain a consensus for developing a purchasing coalition for the southwestern region of Novation healthcare systems. There are currently 7 other VHA/Novation Regional Coalitions in the country. There was consensus among the members attending to proceed with the formation of the SCPC. The purpose of the SCPC will be to allow for geographically unique, expandable and tailored services for supply cost management. The SCPC will collectively target cost reduction initiatives and develop performance achievement goals. It is anticipated that the geographically hubbed SCPC will, for certain products and services, have better buy power than a national contract. PPH can cancel its participation "with or without cause" with a 30 – 90 day written notice.

Budget Impact: \$30,000 per year, to be charged on an equally amortized monthly basis for the term of the 1-year agreement (Supply Chain Custom Charges). Subsequent renewals will be charged accordingly. It is expected that funding will come from savings.

Staff Recommendation: Staff recommended approval to participate in a new, to-be-formed, SCPC. Participation benefits will be evaluated on a regular basis, with a semi-annual report of benefits made to the Board.

Staff further recommended that the CFO be given approval to execute the requisite Supply Chain Analytics Participation Agreement and VHA Supply Chain Network Agreement as reviewed and approved by In-house Legal Counsel.

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends that the District participate in the new, to-be-formed, Southern California Purchasing Coalition; and that the CFO be given approval to execute the requisite Supply Chain Analytics Participation Agreement and VHA Supply Chain Network Agreement.

Motion: X

Individual Action:

Information:

Required Time:



January 14, 2009

PALOMAR POMERADO HEALTH
Attention: Paul Sas – District Director, Supply Chain
2227 Enterprise Street
Escondido, CA 92029

Dear Paul:

During our December 3, 2008 presentation to the Southern CA VHA members we indicated we would be sending out copies of the necessary agreements for participation in the Southern CA Purchasing Coalition (SCPC). Attached are two (2) original copies of the following documents:

- Supply Chain Analytics Participation Agreement – this document may be signed by an authorized representative of Materials Management
- Supply Network Agreement – this document must be signed by the CFO/CEO of your health system

If you have made the decision to join the SCPC, please sign both copies of each agreement and mail one (1) set of signed originals back to Steven Berling, RVP Supply Chain, in the enclosed Federal Express envelope. Our goal is to receive your signed agreements prior to first official SCPC meeting on February 6, 2009.

If you have any questions please do not hesitate to contact Steven Berling at (310) 726-4072 or Marilyn Bybee at (310) 726-4059.

We are looking forward to seeing you on February 6th.

Thank you,

Marilyn Bybee
Sr. Director SCM Networks

Enclosures

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SUPPLY CHAIN ANALYTICS PARTICIPATION AGREEMENT

This *Supply Chain Analytics Participation Agreement* (the “Participation Agreement”) is made by and between VHA Inc. (“VHA”), a Delaware corporation, having a principal place of business at 220 East Las Colinas Boulevard, Irving, Texas 75039-5500, and Palomar Pomerado Health (MID#1502) (“Participant”), a California not-for-profit corporation, having a principal place of business at 15255 Innovation, Suite 202, San Diego, CA 92128.

Participant is a VHA Member and desires to participate in VHA’s Supply Chain Analytics products and services to identify agreed-upon improvement opportunities. For purposes of this Participation Agreement, a VHA Member includes all of the participants in the VHA health care cooperative, including, but not limited to, shareholders, patrons, non-patrons, and their affiliates. The effective date of this Participation Agreement is March 1, 2009 (“Effective Date”). Participant understands that upon signing this Participation Agreement, all terms and conditions of data usage apply to previously completed and future spend analytics assessments conducted by VHA.

1. **Data and Products.** Participant will provide data to VHA, which may include but will not be limited to, purchase order data, item master information, vendor master information, receipts data, and invoice data (individually and collectively referred to herein as “Data”), in accordance with the submission requirements for each requested Supply Chain Analytics product or service (individually and collectively referred to herein as “Product”). Individual Product orders are placed by Participant sending to VHA completed applicable order forms that are subject to the terms and conditions of this Participation Agreement and which may involve the payment of separate usage fees.

2. **Data Consent.** Participant agrees that Data it provides to VHA or its subsidiaries prior to the Effective Date and during the term of this Participation Agreement may be used by VHA in de-identified form to populate benchmarking databases (“Databases”) and reports generated from them (“Reports”), which VHA shall solely own and may use for any purpose. VHA may also use Data in de-identified form for any other purpose, including, but not limited to, contract development, research information, and for comparative analysis use for VHA’s customers. VHA may disclose Data on a line item identified basis to VHA’s subsidiaries and regional offices for their internal use only. VHA may disclose Data on a line item identified basis to vendors and consultants that assist VHA in providing services and that are under confidentiality agreements with VHA. Participant represents that it has the right to provide VHA and its subsidiaries with Data for the uses described in this provision.

3. **Databases and Reports.** Participant agrees that there are no VHA warranties or representations with regard to the Databases and Reports. Participant agrees to be solely responsible for the results of its operational use of the Databases and Reports. Databases and Reports may sometimes include portions of VHA’s, its subsidiaries’, and their suppliers’ confidential data, such as Member pricing data, supplier pricing data, and contract terms and conditions. Participant agrees to perpetually treat the Databases and Reports as confidential information of VHA, its subsidiaries, and their suppliers, and therefore shall not disclose them to third parties or use them for any purpose other than its own internal use. However, Participant may disclose them to its consultants that are

under confidentiality agreements with the Participant, which restrict the consultants to using Databases and Reports for the sole purpose of providing services to Participant, prohibit Databases and Reports use for benchmarking purposes for other consulting clients, and prohibit Databases and Reports permanent storage in the consultant's databases.

4. General Terms and Conditions. Each party's liability under this Participation Agreement shall be limited to the amount of any fees paid to VHA for the Supply Chain Analytics Products. Neither party shall be liable for punitive, incidental, special, or consequential damages, including without limitation, loss of business or loss of profits, arising out of or in connection with this Participation Agreement, even if advised of the possibility of such damages. Participant understands that any delays or failure to perform its responsibilities may affect VHA's ability to support and deliver each requested Supply Chain Analytics Product. The term of this Participation Agreement is perpetual until terminated by either party with or without cause. Either party may at any time terminate this Participation Agreement for its convenience, without liability, by providing at least thirty (30) days prior written notice to the other party. Either party may at any time terminate this Participation Agreement for cause if the other party fails to cure a breach within thirty (30) days after receiving written notice thereof. Data rights and obligations shall survive the expiration or earlier termination of this Participation Agreement. This Participation Agreement is the entire agreement between the parties hereto and supersedes any prior oral or written agreement related to the subject matter herein.

5. Notices. All notices related to this Participation Agreement shall be in writing and shall be deemed to have been given when delivered personally, or at the time sent, if sent by registered or certified United States mail, return receipt requested, postage prepaid, or by FedEx or similar delivery service for overnight delivery, and addressed to the other party as follows or at such address as such party from time to time may indicate by written notice to the other party:

If to VHA:

VHA Inc.
Attn: General Counsel
220 East Las Colinas Blvd.
Irving, Texas 75039-5500

If to Member:

Palomar Pomerado Health
Attn: Paul Sas, District Director Supply Chain
15255 Innovation, Suite 202
San Diego, CA 92128

Authorized representatives of the parties have signed this Participation Agreement below. Please sign two originals and return both to VHA at the addresses listed above. VHA will sign both originals, return one to Paul Sas, and retain the other signed original for VHA's records.

VHA Inc.

Palomar Pomerado Health

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

VHA SUPPLY CHAIN NETWORK AGREEMENT

This VHA Supply Chain Network Agreement (“Agreement”) is made and entered into by and between VHA Inc. (“VHA”), a Delaware corporation having a principal place of business at 220 East Las Colinas Boulevard, Irving, Texas 75039-5500; and Palomar Pomerado Health, having a principal place of business at 15255 Innovation, Suite 202, San Diego, CA 92128. Palomar Pomerado Health is a participant in the Southern California Supply Chain Network, each participant of which is contemporaneously individually signing the same form of agreement with VHA is referred to as “SCN Participant” herein. This Agreement will become effective on the first day of March 1, 2009 (the “Effective Date”).

I. Purpose

VHA provides SCN Participant under this Agreement with unique, expandable, and tailored services for supply cost management. It includes targeted services through VHA and VHA’s contracting services company, Novation LLC (“Novation”), which are aligned to leverage core competencies and improve efficiency in the supply chain for SCN Participant. The services focus on performance against jointly established cost reduction objectives and execution against agreed-upon milestones. The services address SCN Participant’s specific needs through contracting and analytic services.

II. Contracting and Analytic Services

VHA will provide the following Contracting and Analytic Services to SCN Participant to include analysis of Agreement Participant supply spend to prioritize savings opportunities, including contract conversion opportunities, maximization of contract tiers, price leveling among Agreement Participants, contract enhancements, and negotiating specialized contracts on behalf of SCN Participant as described below.

1. VHA will analyze Agreement Participant supply spend and develop a mutually agreed upon contracting strategy, prioritized opportunities, and implementation plan for contract development.
2. VHA will manage the collection, processing, and reporting of SCN Participant and Agreement Participant supply spend data to identify savings opportunities based upon contract maximization, price leveling, and market benchmark pricing.
3. VHA and SCN Participant will coordinate the priorities and implementation plan with the Novation national bid calendar when possible.
4. VHA will develop a portfolio of contracts for SCN Participant to assist in its efforts to optimize network-wide participation in a common portfolio.
5. VHA will enhance existing VHA and Novation supplier contracts as necessary to achieve this objective.
6. VHA will negotiate new agreements, outside the VHA and Novation contract portfolio, in the event that price leveling, tier maximization, and enhancement of existing VHA and Novation agreement does not meet the requirements of SCN Participant.
7. VHA will ensure that SCN Participant’s contract cost is the lowest cost available for its given volume for purchases from the VHA and Novation supplier contract portfolio.
8. VHA will negotiate a market competitive clause – a price adjustment clause based on industry price shifts – in each SCN Participant contract to ensure flexibility to changing market conditions. VHA will negotiate no price increases in SCN Participant contract portfolio for the life of each contract. Exceptions are to be approved by SCN Participant.

9. VHA will negotiate contracts and provide legal review in accordance with VHA's and Novation's standard contract practices. This assumes all SCN Participant contracts are fully compliant with all applicable federal, state, and local regulations, including excluded entity provisions. VHA will engage in any initial discussions with suppliers should they have issues with excluded entity provisions; if no resolution is achieved, VHA would engage SCN Participant for final negotiation and decision. SCN Participant contracts will require suppliers to sign a Health Insurance Portability and Accountability Act (HIPAA) Business Associate Agreement with SCN Participant, should SCN Participant request that they do so.
10. VHA will develop a process with SCN Participant to measure contract supplier performance that may include product fill rates and timely reporting by suppliers.
11. VHA will assign resources as necessary to deliver Contracting and Analytic Services to SCN Participant under this Agreement. The Portfolio Executive will be supported by analytical resources from VHA will take operational direction from SCN Participant and VHA.
12. SCN Participant and VHA will establish agreed upon performance objectives (benchmarks) and milestones on an annual basis.
13. VHA will define and SCN Participant will agree on how savings will be quantified, tracked, and reported on a quarterly basis.
14. VHA and SCN Participant will conduct quarterly progress reviews and contribute information and resources to develop progress reports. Progress reviews will include, but not be limited to, such topics as product and contract selection and prioritization, financial analysis of savings, compliance results, identification of barriers to success, action items for improvement, and review of performance objectives (benchmarks) and milestones.
15. VHA will make all reasonable efforts to track and manage manufacturer rebates owed to Agreement Participants and negotiate quarterly payments of such rebates from suppliers to Agreement Participants.

SCN Participant responsibilities include the following:

1. SCN Participant will provide line item supply spend information to VHA in a mutually agreed upon format on a timely basis.
2. SCN Participant will establish minimum commitment levels before VHA enters into contract negotiations.
3. SCN Participant will achieve compliance and conversion timeframes on the contract portfolio within mutually agreed-upon targets.
4. SCN Participant will notify VHA of any opt-outs or barriers to conversion.
5. SCN Participant will tie any internal SCN Participant pre-commitment process to the Novation national bid calendar if this schedule allows SCN Participant to achieve its cost savings targets within acceptable timeframes.
6. SCN Participant will provide VHA employees providing Contracting and Analytic Services access to SCN Participant and Agreement Participant purchasing and contract information, including market intelligence information gathered by SCN Participant or Agreement Participants, such as pricing, terms, and conditions provided by suppliers to

SCN Participant or Agreement Participants, subject to SCN Participant and Agreement Participant contractual obligations concerning confidentiality.

7. SCN Participant will allow VHA resources providing Contracting and Analytic Services to participate in a staff role on SCN Participant councils as directed by SCN Participant.

III. Payment for Services

Each SCN Participant will pay to VHA Thirty Thousand Dollars (\$30,000) in Supply Chain Custom Charges ("Supply Chain Custom Charges") each year of this Agreement for Contracting and Analytic Services described in section III, above.

VHA will invoice Supply Chain Custom Charges on an equally amortized monthly basis over the Term of this Agreement.

IV. Standard Provisions

A. Term and Termination

1. The Effective Date of this Agreement is March 1, 2009. The Agreement will be in full force and effect through February 28, 2010 (the "Term of Agreement"), unless earlier terminated for convenience or cause.
2. VHA or SCN Participant may at any time during the Term of this Agreement terminate the entire Agreement on behalf of all parties for its convenience without liability by providing at least ninety (90) days prior written notice to the other party. Agreement Participants may at any time during the term of this Agreement terminate their individual participation in the Agreement for their convenience without liability by providing at least ninety (90) days prior written notice to VHA and SCN Participant. In such event, the terminating Agreement Participants' rights and obligations will end and be prorated up to the effective date of termination, and VHA's sole liability for all financial responsibilities of VHA in Section II. Contracting and Analytic Services, above, will be to provide a prorated amount of services for the year in which the termination occurs. No other financial responsibilities, guarantees, or other commitments in subsequent years will apply.
3. VHA or SCN Participant may at any time during the Term of this Agreement terminate the entire Agreement for cause and pursue its legal remedies, if the other party fails to cure a material breach within thirty (30) days after receipt of written notice from the non-breaching party.

B. General Terms and Conditions

1. Assignment – No party may assign this Agreement to any third party without the prior written consent of the other parties.
2. Compliance with Law – All parties will comply with applicable federal, state, and local law and regulations in the performance of their obligations in this Agreement, including, but not limited to, the requirements of the federal fraud and abuse statute, codified at 42 U.S.C. 1320a-7b, as amended, and relevant regulations thereto. With respect to any price reduction (e.g., a discount or rebate) or any other form of remuneration that SCN Participant or Agreement Participants receive or earn pursuant to this Agreement, SCN Participant or Agreement Participants may have an obligation – pursuant to 42 C.F.R. §1001.952(h)(1), for example – to report (and to provide information concerning) such value (as part of the cost reporting process, for example) to federal or state health care programs or other payers.

3. Confidentiality – Except as provided below, no party will, during the Term of this Agreement and for a period of three (3) years after the expiration or termination thereof, publish, disseminate, or disclose to any third party, other than its employees with a need to know who are under nondisclosure obligations, or use for any purpose other than compliance with this Agreement, any confidential or proprietary information (hereinafter “Information”) provided to it by the other party which is marked as “Confidential,” “Proprietary” or a similar legend, or which is orally identified as such at the time of disclosure. This obligation of confidentiality and nondisclosure will apply to any Information about the existence and substance of this Agreement. This obligation of confidentiality and nondisclosure will not apply to Information: i) that is published by the disclosing party or otherwise becomes available to the public other than by a breach of this Agreement; ii) is rightfully received by the recipient from a third party not under an obligation of confidentiality; iii) is known by the recipient prior to disclosure by the disclosing party or independently developed by the recipient prior to disclosure by the disclosing party; or, iv) is required to be disclosed pursuant to a lawful subpoena from a court of competent jurisdiction or in response to a valid request by a governmental agency, so long as the recipient/disclosing party uses reasonable efforts to notify the owner prior to such disclosure.
4. Entire agreement – This Agreement is the sole and entire agreement between VHA, SCN Participant, and Agreement Participants relating to the subject matter, and supersedes all prior understandings, agreements, proposals, and documentation relating to the subject matter herein. Notwithstanding the foregoing, the Shareholder Agreement(s), Patronage Agreement(s), New Business Model Amendment(s) among the parties will remain in full force and effect for the duration of its term of agreement period. This Agreement may be amended only by a document signed by authorized representatives of VHA and SCN Participant.
5. Force Majeure – No party hereto will be liable for delays in performance arising from events beyond its reasonable control, such as acts of God, terrorism, or war.
6. Independent Entities – None of the provisions of this Agreement are intended to create or do actually create any joint venture or other relationship among the parties other than that of independent entities contracting with each other solely for the purpose of effecting the provisions of this Agreement. Neither the parties nor their employees will be construed to be the agent, the employer, employee, or representative of the other.
7. Insurance – SCN Participant and Agreement Participants agree to maintain at their own expense, commercial general liability insurance including blanket contractual liability coverage with minimum limits of One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) annual aggregate. Such insurance will include VHA, its subsidiaries, and licensees as additional insureds. Within thirty (30) days from the Effective Date of this Agreement, SCN Participant and Agreement Participants will submit to VHA a certificate of insurance attested by a duly authorized representative of the insurance carrier or carriers, evidencing that the insurance required is in force and in effect and that such insurance may not be canceled or materially changed without giving VHA at least thirty (30) days prior written notice.
8. Internal Use Only – VHA grants to SCN Participant and Agreement Participants the limited right to use the custom services and other deliverables for their internal use only. SCN Participant and Agreement Participants will not reproduce any of the materials, programs, documentation, or aids related to the services and deliverables for the purpose of distribution to any other party. All programs, concepts,

methodologies, and aids related to the services and deliverables remain the property of VHA, and may be reproduced solely for the internal use by SCN Participant and Agreement Participants only upon approval of VHA.

9. Limitations of Liability – The liability of each party is limited to the amount of pro rated payments that would have been due hereunder up to the point of termination or expiration of this Agreement, and no party will be liable for special, incidental, or consequential damages.
10. No-Hire – No party will hire, either directly or indirectly, any employee of the other parties assigned to or involved with fulfillment of this Agreement for two (2) years after the termination or expiration of this Agreement.
11. Notices – All notices related to this Agreement will be in writing and will be deemed to have been given when delivered personally, or at the time sent, if sent by registered or certified United States mail, return receipt requested, postage prepaid, or by FedEx or similar delivery service for overnight delivery, and addressed to the other parties as follows or at such address as such parties from time to time may indicate by written notice to the other parties:

If to VHA:

VHA Inc.
220 E. Las Colinas Blvd.
Irving, Texas 75039-5500
Attn: Tom Nikiel

With a copy to:
VHA Inc.
Attn: Michael Regier
Senior Vice President and General Counsel
220 E. Las Colinas Blvd.
Irving, TX 75039-5500

If to SCN Participant:

Palomar Pomerado Health
Attn: Paul Sas
District Director Supply Chain
2227 Enterprise Street
Escondido, CA 92029

With a copy to:
SCN Participant Name
Attn: General Counsel
Street Address
City, ST Zip Code

12. Payment for Services – SCN Participant and Agreement Participants will pay for all chargeable VHA services hereunder by either electing to deduct the charges from payments in the VHA Quarterly Statement, or by paying in cash within thirty (30) days after receipt of invoice.

13. Records and Audit – Each party will keep such books, records, and accounts that are adequate to document and substantiate the transactions in this Agreement. They will be made available at the party's place of business for inspection and audit during the Term of this Agreement and for four (4) years after expiration or termination of this Agreement, by the other parties or their authorized representatives, and by the Secretary of Health and Human Services or the Comptroller General of the United States or any other duly authorized representative.

14. Warranty – VHA warrants that the custom services provided herein will be performed in a good and competent manner in accordance with the cost reduction goals and commitments described herein. SCN Participant or Agreement Participants will provide written notice to VHA during the Term of this Agreement of any nonconformity of the custom services. In such event, the sole remedy of SCN Participant or Agreement Participants, and the sole liability of VHA will be at VHA's option to refund any fees paid for such nonconforming services, or to promptly re-perform the nonconforming services. NO OTHER WARRANTIES APPLY, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE.

IN WITNESS WHEREOF, authorized representatives of the parties have signed this Agreement below.

Authorized Signature SCN Participant	Title
--------------------------------------	-------

Printed Name	Date
--------------	------

Authorized Signature VHA Inc.	Title
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Printed Name	Date
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Attachment(s): Exhibit I: Legal Contracting Guidelines Exhibit II: Payment Election Option

Exhibit I – Legal Contracting Guidelines

These Legal Contracting Guidelines apply to

- SCN Participant and the other members of the Southern California Supply Chain Network (each referred to below as “Participating Members”) will not set prices at which each party will buy products or services.
- Participating Members will not collectively refuse to deal with any supplier/service provider in order to extract better prices/terms.
- Participating Members will not engage in any exclusive dealing contracts.
- All products and services obtained through the Supply Chain Network will be for “own use.”
- No individual pricing or other sensitive information can be shared between the participating members.
- VHA staff will not solicit information from a Participating Member if it is known that the Participating Member is prohibited by contract from disclosing that information.
- The Participating Members will not seek or sign as a group any agreements that could be considered to contain bundled discounts.
- All amendments to Novation or VHA agreements will be co-terminus with the Novation base agreement.
- All amendments to Novation or VHA agreements will be reviewed by Novation’s or VHA’s legal department prior to execution.
- All free or discounted services, conversion assistance, and data fees will be specifically reviewed by Novation’s legal department (for all agreements that are currently on contract with Novation) or Participating Member legal counsel (for non-contract products/services) prior to group signing agreements with these provisions.
- Commitment in excess of 75% on any clinical preference items (as listed in the Novation document titled *Clinical Preference Listing 12/20/07*) will require legal review. If a Novation agreement, Novation legal counsel will review. If non-contract item, Participating Member’s legal counsel will review.

Exhibit II -- Payment Election Option

VHA allows custom services charges and/or reimbursable expenses to be deducted from Palomar Pomerado Health cash distributed through the VHA Quarterly Statement if Member System's CEO, CFO, or their designee approves this action by signing below or by indicating this approval on Custom Charges and/or Reimbursable Expenses invoice(s).

If the Custom Charges and/or Reimbursable Expenses of this SOW exceed the projected cash distribution expected through the VHA Quarterly Statement, Palomar Pomerado Health will be required to pay remaining balance directly to VHA.

C.

D. Please check a), b), or c), and "Yes" or "No": a) Custom Charges only _____ b) Reimbursable Expenses only _____ c) Custom Charges and Reimbursable Expenses _____ of this SOW are approved to be deducted from Palomar Pomerado Health cash received through the VHA Quarterly Statement:
_____ Yes _____ No

Copies of paid invoices will be sent to your organization for your records.

Authorized Member System Signature _____

Member System CEO, CFO, or Designee (print) _____

Authorized designee(s) for signature at Member System include: To be completed by Proposal Team/Finance.

Approval of Minutes

TO: PPH Board of Directors

MEETING DATE: February 9, 2009

FROM: Community Relations Committee on January 21, 2009

BACKGROUND: The Secretary of the Community Relations Committee respectfully submitted the minutes of the meeting held on October 31, 2008. The Minutes were approved with the following addition:

“Dr. Larson questioned in detail the new Foundation and PPH relationship with the Chargers and it’s branding initiative and had reservations about the expenses. He asked that this be reviewed before extending the contract in March 2009.”

Gustavo Friederichsen, Chief Marketing & Communications Officer, has reviewed the minutes.

BUDGET IMPACT: None

STAFF RECOMMENDATION: Approval of attached minutes.

COMMITTEE RECOMMENDATION:

Individual Action: X

Action Item: Resolution for support of Trauma Program at Palomar Medical Center.

TO: Board of Directors

FROM: Kim Colonnelli, Debra Byrnes and Dr. Steele

BACKGROUND: Official support in the form of a resolution of the Trauma Program from the Board of Directors for the American College of Surgeons survey occurring in May is requested.

BUDGET IMPACT: None

STAFF RECOMMENDATION: Pass resolution in support of the Trauma Program at Palomar Medical Center

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion: X

Individual Action:

Information:

Required Time:

**PALOMAR POMERADO HEALTH
Legal Department Strategic Plan**

TO: PPH Board of Directors

MEETING DATE: Monday, February 9, 2009

FROM: Janine Sarti, Esq.
General Counsel

BY:

Background: At the request of the PPH Board Chair, Bruce Krider, Janine Sarti will give a PowerPoint presentation of the Strategic Plan and performance indicators for the Legal Services Department.

Budget Impact: NONE

Staff Recommendation: INFORMATION

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

**PALOMAR
POMERADO
HEALTH**



Legal Services Department

Strategic Plan Update

Janine Sarti, Esq.
General Counsel
February 9, 2009

Legal Services Department Vision Statement

- To have an unwavering focus on quality, cost and access to legal services.

Legal Services Department Mission Statement

We believe:

- our customers are our most valued assets.
- the relationships we develop are integral to our work.
- honesty and integrity are the cornerstones of this department.

We promise:

- quality legal advice that is responsive to your needs and sets the standard of excellence for legal services;
- to demonstrate respect and compassion to all persons;
- to work with you as part of a team to achieve our mutual goals of quality care, creating healthy communities, and being a leader in the professions we serve.

Trusted Advisor

- Knows the law
- Excellent communicator
- Has a confident style with high emotional intelligence
- Sound knowledge of the business and strategy
- Has excellent judgment
- Willing to put skin in the game
- Has a strong work ethic and sense of urgency
.....Every minute of every day

Legal Services Department Goals

- Reduce reliance on outside legal counsel.
- Create, develop and implement a successful contract management process.
- Review and enhance best governance practices.
- Develop guidebook for specific recurring legal issues.
- Improve process for response to public records requests.
- Develop a Legal Department webpage on PPH intranet.
- Develop policies and agreement templates regarding physician relationships.

Legal Services Department Goals (continued)

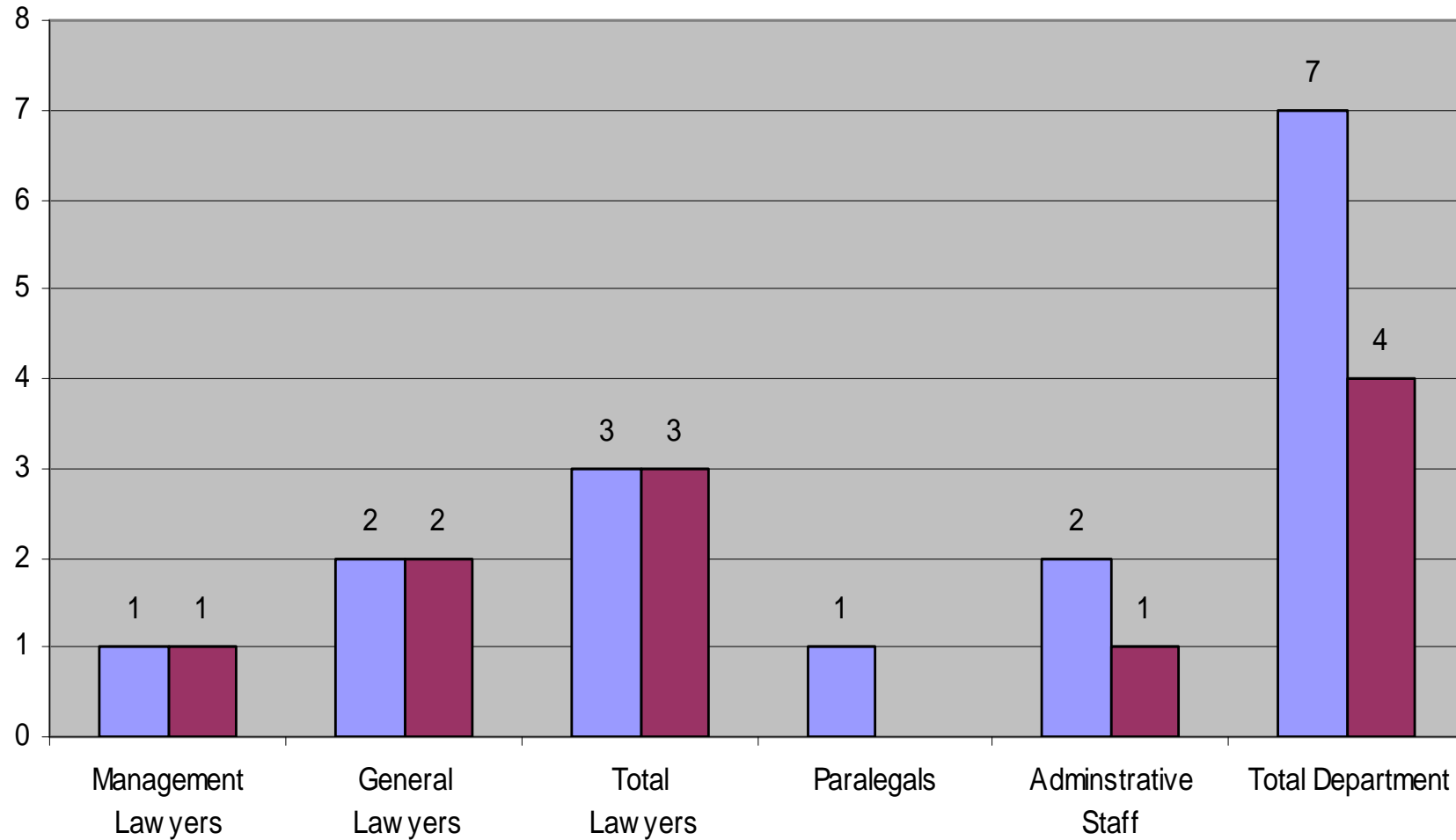
- Raise Medical Staff awareness of Legal Department and available resources.
- Create and organize a repository for key organizational documents.
- Develop intellectual property portfolio.
- Develop Legal Department customer satisfaction survey.
- Develop independent contractor guide and checklist.
- Develop Legal Department operations manual.
- Identify volunteer and professional development opportunities.

Legal Services Department Day-to-Day Responsibilities

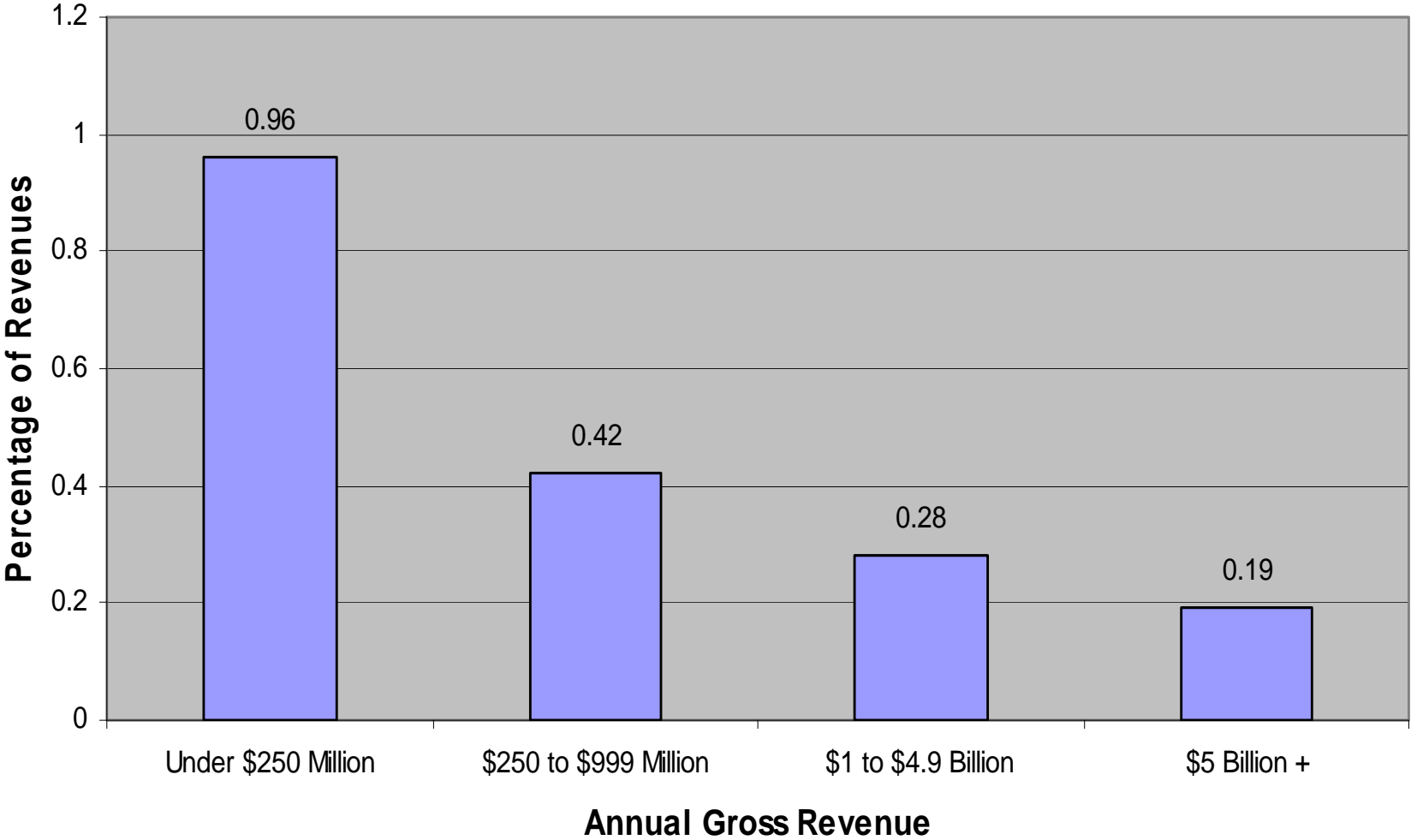
- Major Transactions
- Litigation
- General legal advice and counsel regarding matters such as the Brown Act, RAC Audits, peer review, district law, human resources and eminent domain
- Governance
- Compliance and regulatory issues
- Contracts
- Community outreach

NUMBER OF LAWYERS AND STAFF PER \$1 BILLION IN REVENUE ALL COMPANIES

□ Average FTE ■ PPH FTE



Total Law Department Fees/Expenses as a Percent of Gross Revenues



Legal Services Department

Actual PPH Legal Service Department Fees and Expenses as a Percent of Gross Revenues.

- \$1.5 Billion x .028 = \$4.2 Million average/year spent by outside and in-house counsel.
- \$900,000.00 = actual dollars spent by PPH

\$\$\$ SAVINGS = \$3.3 MILLION \$\$\$

Facility Citation

- Strategy conference with client and physicians
- Case review (compiling and reviewing documents)
- Document preparation
- Witness preparation
- Legal Research
- Court appearance

Total Hours: 150 – 200

Outside Counsel Expense @ \$500/hour: \$75,000 - \$100,000

In House Counsel Expense @ \$70 /hour: \$10,500-\$14,000

\$\$\$ SAVINGS = \$64,500 - \$86,000 \$\$\$

Contract Review Costs

- Average 55 contracts signed per month

Outside Counsel Expense

- \$500/hour * 2 hours of review = \$1,000 per contract
- 55 contracts per month * \$1,000 = \$55,000 per month
- \$55,000 * 12 months = \$660,000 per year

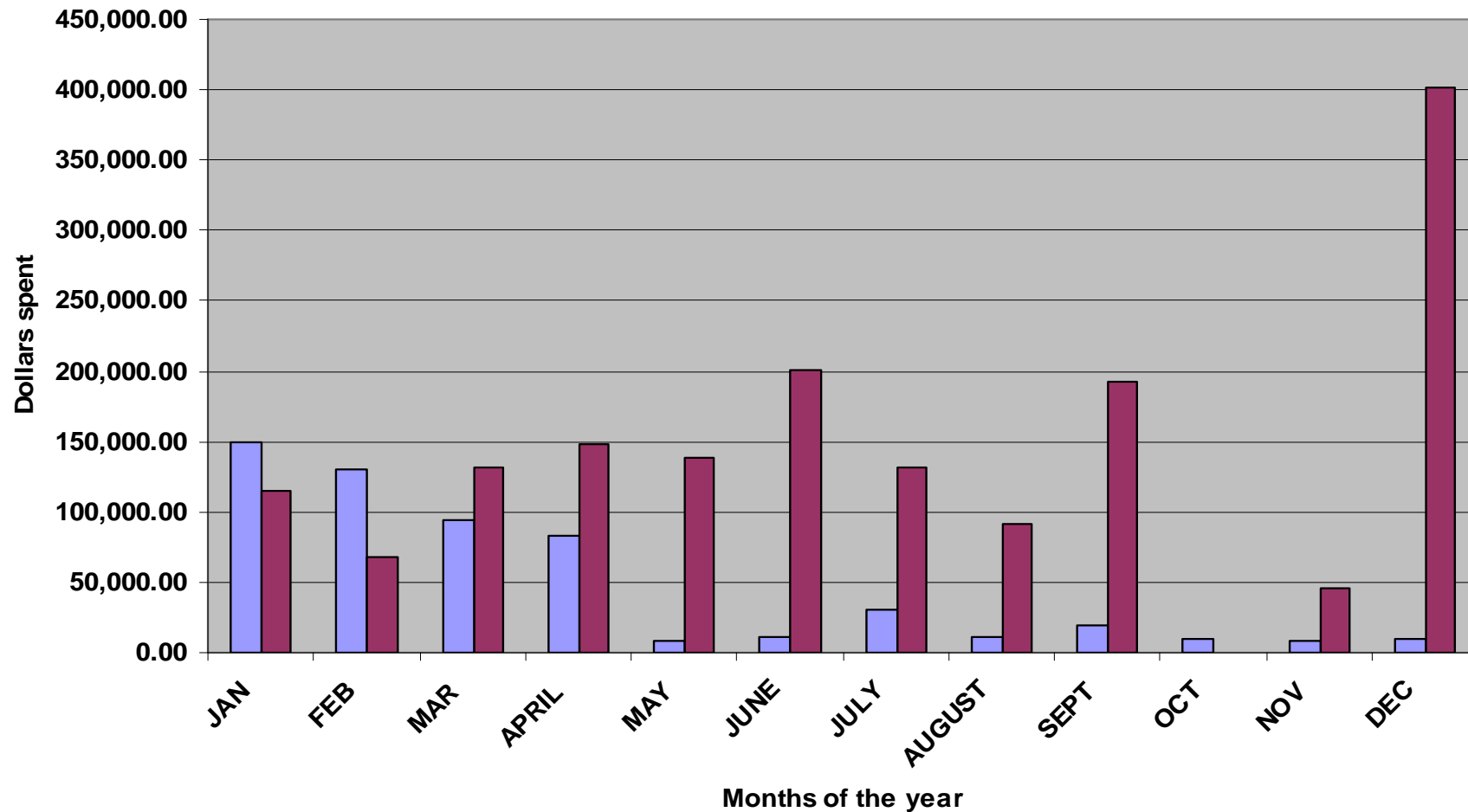
In-House Counsel Expense

- \$70/hour * 2 hours of review = \$140 per contract
- 55 contracts per month * \$140 = \$7,700 per month
- \$7,700 * 12 months = \$92,400 per year

\$\$\$ SAVINGS = \$567,600.00 \$\$\$

Legal Fees Cost Comparison

Legal Fees Paid since January 2007 to present



2008 2007-Outside Counsel Fees

Legal Services Department Team

- Janine Sarti – General Counsel
- Michele Gilmore – Executive Assistant
- Kate Philbin – Asst. General Counsel
- Roberta Brenton – Staff Counsel

Legal Services Department Strategic Plan

- **QUESTIONS?**

Legal Services Department

- **THANK YOU!**

PALOMAR POMERADO HEALTH
Form 700 Process for PPH Board of Directors

TO: PPH Board of Directors

MEETING DATE: Monday, February 9, 2009

FROM: Janine Sarti, Esq.
General Counsel

BY:

Background: At the request of the PPH Board Chair, Bruce Krider, Janine Sarti will give a PowerPoint presentation on the Form 700 process as it relates to the PPH Board of Directors.

Budget Impact: NONE

Staff Recommendation: INFORMATION

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

Palomar Pomerado Health Board of Directors



Legal Requirements Regarding Gifts to Public Officials

Janine Sarti, Esq.
General Counsel
February 9, 2009



Form 700

Statement of Economic Interest

- Who Must File:
 - Elected and appointed officials and candidates.
 - Employees covered pursuant to conflict of interest code.



When to file

- April 1 of each year.



Gift Prohibition

- Prohibited from accepting gifts totaling \$420.00 in a calendar year from a single source
- \$10.00 limit per month in gifts from registered lobbyists.
- Prohibited from accepting an honorarium for speeches.



Specific Requirements Gifts

- Gifts are reportable regardless of where the donor is located.
- If the dollar value of the gift is not known, must report fair market value.
- If received through an intermediary, must disclose name of original donor and intermediary.



Commonly Reportable Gifts

- Tickets to sporting/entertainment events.
- Tickets to amusement parks.
- Parking passes.
- Food, beverage, accommodations at an event where you didn't give a presentation.
- Rebates/discounts not made in the regular course of business to members of the public.
- Honorarium.
- Transportation and lodging.
- Forgiveness of a loan.



Gifts Not Required to Disclose

- Gifts returned within 30 days, or gifts not used.
- Gifts from family (unless acting as an intermediary).
- Food, beverage, accommodations in an individual's home, or at an event where speaking.
- Gifts of similar value exchanged for holiday/birthday.



Gifts Not Required to Disclose (cont.)

- Gifts to family, unless you use, enjoy or control the gift.
- Inheritance.
- Informational material to assist in official duties.
- Personalized plaques less than \$250.00.



Gifts Not Required to Disclose (cont.)

- One (1) Ticket to fundraising event for 501 (c)(3).
- Tickets to political fundraisers
- Gifts you have paid for.



Penalties For Failure to Report

- \$10/per day penalty for late filing.
- 3 times the value of the gift.
- \$5,000.00 fine.
- Investigation by the Attorney General.



Legal Requirements Regarding Gifts to Public Officials

Questions?



Legal Requirements Regarding Gifts to Public Officials

Thank You!

MEDICAL STAFF SERVICES

January 26, 2009

TO: Board of Directors

BOARD MEETING DATE: February 9, 2009

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 (02/09/2009 – 01/31/2011)
Justin M. Gooding, M.D., Diagnostic Radiology
William M. Kakimoto, M.D., Diagnostic Radiology
David A. Kaminskas, M.D., Neurology
Shahram Khorshidi, M.D., Family Practice
Margaret M. Lee, M.D., Diagnostic Radiology
William P. Mansfield, M.D., Diagnostic Radiology
Kimberly A. Maxon, M.D., Internal Medicine
Tan M. Nguyen, M.D., Diagnostic Radiology
Sean P. Pinnell, M.D., Diagnostic Radiology
- II. Reappointment and Advancement to Active Status
Sarah A. Russell, M.D., Family Practice (02/09/2009 – 11/30/2009)
- III. Reappointment and Advancement to Associate Status
Marcus M. Van, M.D., Diagnostic Radiology (No Clinical Privileges) (02/09/2009 – 08/31/2010)
- IV. Advance from Provisional to Active Category
Laarni Gonzales-Naval, M.D., Family Practice (02/09/2009 – 10/31/2010) (includes PCCC)
Stephen S. Kaminski, M.D., Critical Care Surgery (02/09/2009 – 10/31/2009)
Eric G. Potwardowski, D.O., Family Practice (02/09/2009 – 06/30/2010)
Jennifer I. Rosenthal, M.D., Pediatrics (02/09/2009 – 01/31/2010)
Farris Sandhu, M.D., Internal Medicine (02/09/2009 – 10/31/2009)
- V. Advance from Provisional to Consulting Category
Pretti Bansal, M.D., Pediatric Ophthalmology (02/09/2009 – 11/30/2010)
Yvette M. Jockin, M.D., Pediatric Ophthalmology (02/09/2009 – 04/30/2010)
- VI. Additional Privileges
Manal M. Schoellerman, M.D., Diagnostic Radiology
 - Interpretation (Imaging) – In Hospital Bundle Diagnostic Radiology including CT; Ultrasound; Nuclear Medicine; MRIPhilip Wrotslavsky, D.P.M., Podiatry
 - Use of Fluoroscopy

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

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Additional Privileges.... Continued

Ronald Shimmmin, M.D., Family Practice (reinstatement of privileges)

- Full Privileges (Family Practice)
- Needle biopsy of breast fine needle aspiration
- Biopsy, skin/subcutaneous – punch, excisional, and shave
- Incision and drainage of pilonidal cysts, simple
- Repair of simple lacerations (excluding tendon and nerve)
- Removal of ingrown toenail – partial/complete
- NG tubes
- Immobilization of uncomplicated, undisplaced fractures: Wrist, Ankle, Tibial shaft, Fibula, Humeral shaft, Clavicle
- Anterior Epistaxis
- Foreign body removal – eye (superficial), ear, nose, vagina, rectum simple
- Pediatric Privileges – Category I bundle
- Neonatal Care – Class A Bundle

VII. Voluntary Resignations/Withdrawals

John S. Anderson, M.D., Diagnostic Radiology (effective 12/23/2008)
 Melanie A. Farrell, M.D., Nephrology (effective 12/22/2008)
 Thomas F. Moyad, M.D., Orthopaedic Surgery (effective 01/05/2009)
 Andrew D. Polansky, M.D., Diagnostic Radiology (effective 12/31/2008)
 James J. Underwood, M.D., Pathology (effective 01/20/2009)
 Subashini T. Yogeswaren, M.D., Radiation Oncology (effective 12/31/2008)

VIII. Allied Health Professional Appointments (02/09/2009 – 01/31/2011)

Jeremy D. Blakespear, P.A.-C., Physician Assistant; Sponsors: CEP
 Angela M. Lierman, NNP, Neonatal Nurse Practitioner; Sponsors: Drs. Golembeski, Fatayerji, J. Jones, Johnsgard, Segall.
 Catherine A. Schell, N.P., Acute Care Nurse Practitioner – Trauma; Sponsor: Dr. Steele.
 Terese P. Trujillo, N.P., ExpressCare Nurse Practitioner; Sponsors: Drs. Paz, Herip

IX. Allied Health Professional Withdrawal

Wayne Inancsi, P.A., Physician Assistant (effective 01/12/2009) (Includes PCCC)
 Kimberly A. Kerrigan, F.N.P., Family Nurse Practitioner (effective 12/31/2008)

X. Reappointments Effective 03/01/2009 – 02/28/2011

Mark M. Boiskin, M.D.	Nephrology	Dept of Medicine	Associate
Stephen M. Capon, M.D.	Internal Medicine	Dept of Medicine	Active
Christopher D. Costanza, M.D.	Gastroenterology	Dept of Medicine	Courtesy
Douglas C. Dechairo, M.D.	Pediatrics	Dept of Pediatrics	Active
Richard C. Engel, M.D.	Anesthesiology	Dept of Anesthesia	Active
P. Eva Fadul, M.D.	Anesthesiology	Dept of Anesthesia	Active
Nabil I. Fatayerji, M.D.	Neonatal-Perinatal Med	Dept of Pediatrics	Active
Corinne H. Giesemann, M.D.	Family Practice	Dept of Family Practice	Active
Daniel W. Hershey, M.D.	Pediatrics	Dept of Pediatrics	Active
John A. Houkom, M.D.	Orthopaedic Surgery	Dept of Ortho/Rehab	Active
Benjamin Kanter, M.D.	Pulmonary Disease	Dept of Medicine	Active
(Includes PCCC)			
Howard N. Kaye, M.D.	Rheumatology	Dept of Medicine	Consulting
Thomas J. Marcisz, M.D.	Neurosurgery	Dept of Surgery	Active
Nicole B. Mulder, M.D.	Ophthalmology	Dept of Surgery	Active
Mark P. Nespeca, M.D.	Pediatric Neurology	Dept of Pediatrics	Courtesy
Gina Rosenfeld, M.D.	Pediatrics	Dept of Pediatrics	Active

Reappointments.... continued

Maria G. Sebiane, M.D.	Pediatrics	Dept of Pediatrics	Active
Khuram A. Sial, M.D. (Includes PCCC)	Physical Med & Rehab	Dept of Ortho/Rehab	Active
Stephen F. Signer, M.D. (Includes PCCC)	Psychiatry	Dept of Medicine	Active
Jeffrey M. Smith, M.D.	Orthopaedic Surgery	Dept of Ortho/Rehab	Active
Carol L. Young, M.D.	Rheumatology	Dept of Medicine	Active

XI. Allied Health Professional Reappointment

Kimberly A. Kreifeldt, P.A.-C., Physician Assistant; Sponsors: Drs. Jeffrey Smith, Yoo
Regina R. McFadden-Moehling, N.P., Nurse Practitioner; Sponsors: Kaiser Continuing Care
Ellen S. Petersen, N.P., Nurse Practitioner Corporate Health; Sponsors: Drs. Herip, Esmaeili
Glen T. Pugh, N.P., Nurse Practitioner Corporate Health; Sponsors: Drs. Herip, Esmaeili, Paz

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
February, 2009**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Justin M. Gooding, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Diagnostic Radiology – Certified 1997 Vascular and Interventional Radiology – Certified 1999
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ORGANIZATIONAL NAME

<i>Name</i>	North County Radiology
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Georgetown University School of Medicine, Washington, D.C. From: 09/01/1988 To: 05/23/1992 Doctor of Medicine Degree
<i>Internship Information</i>	University of California, San Diego Internal Medicine From: 06/24/1992 To: 06/27/1993
<i>Residency Information</i>	University of California, San Diego Diagnostic Radiology From: 07/01/1993 To: 06/30/1997
<i>Fellowship Information</i>	University of California, San Diego Vascular and Interventional Radiology From: 07/01/1997 To: 06/30/1998
<i>Current Affiliation Information</i>	Scripps Memorial Hospital, Encinitas Tri-City Medical Center, Oceanside

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
February, 2009**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	William M. Kakimoto, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Diagnostic Radiology – Certified 2008
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ORGANIZATIONAL NAME

<i>Name</i>	North County Radiology
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	The Johns Hopkins University School of Medicine, Baltimore, MD From: 09/01/1999 To: 05/22/2003 Doctor of Medicine Degree
<i>Internship Information</i>	Scripps Mercy Hospital, San Diego Transitional From: 06/24/2003 To: 06/23/2004
<i>Residency Information</i>	University of California, San Diego Radiology From: 07/01/2004 To: 06/30/2008
<i>Fellowship Information</i>	University of California, San Diego Magnetic Resonance Imaging From: 07/01/2008 To: Present Expected date of completion: 06/30/2009
<i>Current Affiliation Information</i>	Scripps Green Hospital, La Jolla, CA

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
February, 2009**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	David A. Kaminskas, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Neurology – Not Certified
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ORGANIZATIONAL NAME

<i>Name</i>	David A. Kaminskas, M.D.
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of Southern California, Los Angeles, CA From: 06/01/1988 To: 05/08/1992 Doctor of Medicine Degree
<i>Internship Information</i>	Dartmouth-Hitchcock Medical Center, Lebanon, NH General Surgery From: 06/26/1992 To: 06/25/1993 Henry Ford Hospital, Detroit, MI Transitional From: 06/21/2004 To: 06/30/2005
<i>Residency Information</i>	University of California, San Diego Neurology From: 06/30/2005 To: 06/30/2008
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	None

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
February, 2009**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Shahram Khorshidi, M.D.
<i>PPHS Facilities</i>	Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Family Practice – Certified 2008
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ORGANIZATIONAL NAME

<i>Name</i>	Kaiser Permanente
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Mashhad University of Medical Sciences, Mashad, Iran From: 09/01/1987 To: 02/14/1994 Doctor of Medicine Degree
<i>Internship Information</i>	Natividad Medical Center/University of California, San Francisco Family Practice From: 06/24/2005 To: 06/23/2006
<i>Residency Information</i>	Natividad Medical Center/University of California, San Francisco Family Practice From: 07/01/2006 To: 06/30/2008
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Kaiser Permanente, San Diego

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
February, 2009**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Margaret M. Lee, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Diagnostic Radiology – Certified 2000
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ORGANIZATIONAL NAME

<i>Name</i>	North County Radiology
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Cornell University Medical College, New York, NY From: 09/01/1991 To: 05/25/1995 Doctor of Medicine Degree
<i>Internship Information</i>	Scripps Mercy Hospital, San Diego Transitional From: 06/24/1995 To: 06/23/1996
<i>Residency Information</i>	University of California, San Diego Diagnostic Radiology From: 07/01/1996 To: 06/30/1997 Mallinckrodt Institute of Radiology, Washington University, St. Louis, MO Diagnostic Radiology From: 07/01/1997 To: 06/24/2000
<i>Fellowship Information</i>	Mallinckrodt Institute of Radiology, Washington University, St. Louis, MO Radiology, Breast Imaging From: 07/01/2000 To: 06/30/2001
<i>Current Affiliation Information</i>	Tri-City Medical Center, Oceanside, CA

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
February, 2009**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	William P. Mansfield, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Diagnostic Radiology – Certified 1992
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ORGANIZATIONAL NAME

<i>Name</i>	North County Radiology
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Morehouse School of Medicine, Atlanta, GA From: 09/01/1983 To: 05/16/1987 Doctor of Medicine Degree
<i>Internship Information</i>	Veterans Affairs Medical Center - West Los Angeles Internal Medicine From: 06/24/1987 To: 06/23/1988
<i>Residency Information</i>	Los Angeles County, King Drew Medical Center, Los Angeles, CA Diagnostic Radiology From: 07/01/1988 To: 06/30/1991
<i>Fellowship Information</i>	Loma Linda University Medical Center, Loma Linda, CA Magnetic Resonance Imaging From: 07/01/1991 To: 06/30/1992
<i>Current Affiliation Information</i>	Van Wert County Hospital, Van Wert, OH

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
February, 2009**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Kimberly A. Maxon, M.D.
<i>PPHS Facilities</i>	Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Internal Medicine – Certified 2008
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ORGANIZATIONAL NAME

<i>Name</i>	Kaiser Permanente
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of California, San Diego, School of Medicine, San Diego, CA From: 08/01/2001 To: 06/05/2005 Doctor of Medicine Degree
<i>Internship Information</i>	University of California, San Diego Internal Medicine From: 06/24/2005 To: 06/23/2006
<i>Residency Information</i>	University of California, San Diego Internal Medicine From: 07/01/2006 To: 06/30/2008
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Kaiser Permanente, San Diego

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
February, 2009**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Tan M. Nguyen, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Diagnostic Radiology – Certified 2007
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ORGANIZATIONAL NAME

<i>Name</i>	North County Radiology
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of Illinois, Peoria, IL From: 08/17/1998 To: 09/01/2000 Transferred to University of Southern California University of Southern California, Los Angeles, CA From: 09/01/2000 To: 05/10/2002 Doctor of Medicine Degree
<i>Internship Information</i>	Huntington Memorial Hospital, Pasadena, CA Internal Medicine From: 06/25/2002 To: 06/24/2003
<i>Residency Information</i>	Los Angeles County/University of Southern California Medical Center, Los Angeles, CA Diagnostic Radiology From: 07/01/2003 To: 06/30/2007
<i>Fellowship Information</i>	Los Angeles County/University of Southern California Medical Center, Los Angeles, CA Magnetic Resonance Imaging From: 07/01/2007 To: 06/30/2008
<i>Current Affiliation Information</i>	Tri-City Medical Center, Oceanside, CA

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
February, 2009**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Sean P. Pinnell, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Diagnostic Radiology – Certified 2005
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ORGANIZATIONAL NAME

<i>Name</i>	North County Radiology
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Medical College of Wisconsin, Milwaukee, WI From: 09/01/1994 To: 05/16/1998 Doctor of Medicine Degree
<i>Internship Information</i>	University of California, San Diego General Surgery From: 06/24/1998 To: 06/27/1999
<i>Residency Information</i>	University of California, San Diego Radiology Research From: 07/01/1999 To: 06/30/2001 University of California, San Diego Diagnostic Radiology From: 01/01/2001 To: 12/31/2004
<i>Fellowship Information</i>	University of California, San Diego Magnetic Resonance Imaging From: 07/01/2005 To: 06/30/2006
<i>Current Affiliation Information</i>	Tri-City Medical Center, Oceanside, CA

**PALOMAR POMERADO HEALTH
ALLIED HEALTH PROFESSIONAL
APPOINTMENT
FEBRUARY 2009**

NAME: **Jeremy D. Blakespear, P.A.-C**
SPECIALTY: Physician Assistant
SERVICES: Emergency Room Physician Assistant for California
 Emergency Physicians at Palomar Pomerado Health
TRAINING: University of Utah, School of Medicine, Salt Lake City
 Master of Science – Physician Assistant studies 09/01/00-08/09/02
PRACTICE: Physician Assistant, California Emergency Physicians
 Palomar Medical Center, Escondido, CA 1/16/09-Present
 Physician Assistant, ER Dept, University of Utah Hospital,
 Salt Lake City, UT 10/03/06-Present
 Physician Assistant, GammaWest Brachytherapy, Salt Lake City,UT 10/01/02-09/30/06
SPONSORS: Jaime Rivas, M.D. & California Emergency Physicians
 at Palomar Medical Center and Pomerado Hospital
CERTIFICATION: National Commission on Certification of Physician Assistants 2002
FACILITIES: Palomar Medical Center and Pomerado Hospital

NAME: **Jacqueline Y. Copeland, N. P.**
SPECIALTY: Nurse Practitioner
SERVICES: Nurse Practitioner for Elizabeth Hospice at Pomerado Hospital
 and Villa Pomerado
TRAINING: San Diego State University, San Diego, CA
 Bachelor of Science in Nursing 9/01/93-06/01/97
 California State University, Dominguez Hills
 Master of Science in Nursing/Family Nurse Practitioner 9/01/98-08/23/05
PRACTICE: NP/RN, Elizabeth Hospice, Escondido, CA 02/12/02-present
 Director of Nursing, ManorCare, Encinitas,CA 12/20/00-3/10/02
 R.N., Vista Community Clinic, Vista, CA 06/21/00-08/20/01
 R.N., Sharp Memorial Hospital, San Diego, CA 07/07/98-01/03/00
 R.N., Village Square Rehabilitation, San Marcos, CA 1997-1998
SPONSORS: Sabiha Pasha, M.D. and Glenn Panzer, M.D.
CERTIFICATION: None
FACILITIES: Pomerado Hospital

NAME: **Jasveen K. Dhillon, P.A.-C**
SPECIALTY: Physician Assistant
SERVICES: Physician Assistant
TRAINING: Arizona State University, Tempe, AZ
 Bachelor of Science Microbiology 06/02/97-05/10/01
 Western University of Health Science, Pomona, CA
 Master of Science degree- Physician Assistant studies 08/01/04-07/01/06
PRACTICE: Physician Assistant, Physician Assistant Surgical Services, La Mesa,CA 07/01/07-present
 Microscopist, Aerotech/P&K, Phoenix, AZ 09/06/01-06/04/04
SPONSORS: Leslie Gullahorn, M.D. and Kevin Yoo, M.D.
CERTIFICATION: National Commission on Certification of Physician Assistants 2007
FACILITY: Pomerado Hospital

**PALOMAR POMERADO HEALTH
ALLIED HEALTH PROFESSIONAL
APPOINTMENT
FEBRUARY 2009 (continued)**

Page two

NAME: **Angela M. Lierman, N.N.P.**
SPECIALTY: Neonatal Nurse Practitioner
SERVICES: Neonatal Nurse Practitioner services in the NICU at Palomar Pomerado Health
TRAINING: Carroll College, Waukesha, WI
 Bachelor of Science degree – Nursing 09/06/90-5/12/94
 Northern Illinois University, DeKalb, IL
 Master of Science degree – Nursing-Family Nurse Practitioner 08/01/97-05/12/01
 Rush University, College of Nursing, Neonatal Nurse Practitioner Certificate program 06/23/03-12/17/04
PRACTICE: Neonatal Nurse Practitioner, Rady Children’s Hospital, San Diego, CA 09/24/07-present
 Neonatal Nurse Practitioner, University of Chicago Medical Center, Chicago, IL 08/30/04-08/03/07
 R. N. , Evanston Hospital, Evanston, IL 01/6/97-08/06/04
 R. N., St. Francis Hospital, Evanston, IL 06/01/94-01/01/97
SPONSORS: D. Golembeski, M.D., N. Fatayerji, M.D., L. Johnsgard, M.D., J. Jones, M.D., M. Segall, M.D.
CERTIFICATION: National Certification Corporation 2005
FACILITIES: Palomar Medical Center and Pomerado Hospital

NAME: **Rae L. Richard, F.N. P.**
SPECIALTY: Adult/Acute Care Nurse Practitioner
SERVICES: Nurse Practitioner services for Drs. Sedwitz&Rayan
TRAINING: Point Loma College,, San Diego, CA
 Bachelor of Science in Nursing 9/01/73-06/01/76
 University of San Diego
 Master of Science in Nursing- Adult Nurse Practitioner 9/01/90-05/24/98
PRACTICE: Nurse Practitioner, Pacific Coast Vascular&General Surgery, La Jolla, CA 07/01/99-Present
 R.N. , Scripps Memorial Hospital, La Jolla, CA 10/01/76-6/01/99
SPONSORS: Marc Sedwitz, M.D., Sunil Rayan, M.D..
CERTIFICATION: American Nurses Credentialing Center 2000/2008
FACILITY: Pomerado Hospital

**PALOMAR POMERADO HEALTH
ALLIED HEALTH PROFESSIONAL
APPOINTMENT
FEBRUARY 2009 (continued)**

Page three

NAME: Catherine A. Schell, N. P.
SPECIALTY: Acute Care Nurse Practitioner
SERVICES: Nurse Practitioner for the Dept of Trauma at Palomar Medical Center
TRAINING: University of Wisconsin, Oshkosh, WI
 Bachelor of Science in Nursing 9/01/80-05/30/86
 Marquette University, Milwaukee, WI
 Master of Science in Nursing- Acute Care Nurse Practitioner 01/01/04-05/20/07
PRACTICE: Nurse Practitioner, Dept of Trauma, Palomar Medical Center 09/22/08-Present
 Nurse Practitioner, Medical College of Wisconsin, Milwaukee, WI 03/01/08-07/22/08
 Nurse Practitioner/R.N., Wisconsin Vein Center, Pewaukee, WI 09/01/02-03/13/08
 R.N., Medical Surgical ICU, MedTeams, Waukesha, WI 11/29/02-09/14/06
 R.N. ,General Surgery practice, Southeast Surgical , Milwaukee, WI 08/01/01-08/01/03
 R.N. , ICU, Waukesha Memorial Hospital, WI 1/10/00-09/14/06
 R.N., Midwest Heart Surgery Institute, Milwaukee, WI 09/01/97-01/01/01
 R.N., St. Joseph Hospital, Milwaukee, WI 12/01/88-09/01/97
SPONSORS: John T. Steele, M.D.
CERTIFICATION: American Nurses Credentialing Center 2007
FACILITIES: Palomar Medical Center

NAME: Terese P. Trujillo, F.N. P.
SPECIALTY: Family Nurse Practitioner
SERVICES: Expresscare Nurse Practitioner for Palomar Pomerado Health
TRAINING: Mount St. Mary's College, Los Angeles, CA
 Associate of Arts degree – Nursing 09/01/82-05/27/84
 Mount St. Mary's College, Los Angeles, CA
 Bachelor of Science in Nursing 9/01/84-06/02/85
 University of San Diego
 Master of Science in Nursing- Family Nurse Practitioner 08/01/00-05/26/02
PRACTICE: ExpressCare Nurse Practitioner, Palomar Pomerado Health
 Retail Outpatient Clinics, Escondido&Rancho Penasquitos,CA 12/09/08-Present
 Case Manager, American Health Services, San Diego, CA 10/01/08-present
 Case Manager, Silverado Hospice, San Juan Capistrano, CA 06/16/06-09/12/08
 Assistant Director of Nursing, Manor Care, Encinitas, CA 06/23/05-05/11/06
 Family Nurse Practitioner, San Carlos Medical Group, La Mesa, CA 12/01/04-04/30/05
 Family Nurse Practitioner, Scripps Encinitas WellBeing, Encinitas, CA 11/01/04-03/20/05
 Family Nurse Practitioner, Chase Medical Center, La Mesa, CA 04/01/04-03/31/05
 Family Nurse Practitioner, Rancho Santa Fe Medical Group,
 San Marcos, CA 08/01/02-02/28/04
 R.N., Administrative Coordinator, Clinical Education, Alvarado
 Hospital Medical Center, San Diego, CA 06/01/94-06/30/00
 R.N., Castle Medical Center, Kailua, HI 11/01/91-11/30/93
 R.N., U.S. Naval Hospital, Camp Lejeune, NC 12/01/89-07/31/90
 R.N., Huntington Memorial Hospital, Pasadena, CA 08/01/85-03/31/89
SPONSORS: Alejandro Paz, M.D., Donald Herip, M.D., Lawrence Koenig, M.D.
CERTIFICATION: American Nurses Credentialing Center 2008
FACILITIES: Palomar Medical Center and Pomerado Hospital

**PALOMAR POMERADO HEALTH
ALLIED HEALTH PROFESSIONAL
APPOINTMENT
FEBRUARY 2009 (continued)**

Page four

NAME:	Xavier I. Valdez, P.A.-C	
SPECIALTY:	Physician Assistant	
SERVICES:	Physician Assistant	
TRAINING:	University of Texas Medical Branch, School of Allied Health Sciences	
	Master of Science degree- Physician Assistant studies	08/01/02-08/19/05
PRACTICE:	Physician Assistant, Physician Assistant Surgical Services, La Mesa,CA	10/15/07-present
	Physician Assistant, Kelsey Seybold Clinic, St. Luke's Episcopal Health System, Houston, TX	12/12/05-09/14/07
SPONSORS:	Leslie Gullahorn, M.D. and Kevin Yoo,M.D.	
CERTIFICATION:	National Commission on Certification of Physician Assistants	2005
FACILITY:	Pomerado Hospital	

MEDICAL STAFF SERVICES

January 27, 2009

TO: Board of Directors

BOARD MEETING DATE: February 9, 2009

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

SUBJECT: Department of Pediatrics Rules and Regulations

At the January 26, 2009 Executive Committee meeting for Palomar Medical Center, modifications were recommended to the Department of Pediatrics Rules and Regulations. Additions are underlined and deletions are ~~crossed-out~~.

Rationale

The Department of Pediatrics is modifying the attendance requirement from 33% to 25% as they have increased the number of meetings held each year. The 25% requirement is consistent with the minimum amount required by the Medical Staff Bylaws.

Modifications

DEPARTMENT OF PEDIATRICS RULES AND REGULATIONS

2.2 Responsibilities

The responsibilities of membership shall constitute:

- 2.2.1 Participation in Department business and committees and duties assigned by the chairman in accordance with the Medical Staff bylaws, rules and regulations and Department rules and regulations.
- 2.2.2 Attendance at a minimum of ~~thirty-three~~ twenty-five percent (~~33~~25%) of the Department meetings.

Non-compliance with the ~~thirty-three~~ twenty-five percent (~~33~~25%) requirement for the Department meetings is subject to the sanctions outlined in the Medical Staff bylaws, rules and regulations.

ATTENDANCE POLICY

In accordance with the rules and regulations of the Department of Pediatrics, ~~thirty-three~~ twenty-five percent (~~33~~25%) of the Department meetings must be attended during a Medical Staff Year (~~February~~ January through ~~January~~ December).

Sanctions

Non-compliance with the ~~thirty-three~~ twenty-five percent (~~33~~25%) attendance requirement of the Department of Pediatrics is subject to the sanctions outlined in the Medical Staff bylaws, rules and regulations: Failure to satisfy meeting attendance 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 Pediatrics

Department of Pediatrics meetings are usually held ~~bi~~-monthly on the third ~~Monday~~ Thursday (12:30 p.m. in the OB Classroom). The Department does not meet in December.

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

MEDICAL STAFF SERVICES

PALOMAR
POMERADO
HEALTH

January 27, 2009

TO: Board of Directors

BOARD MEETING DATE: February 9, 2009

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

SUBJECT: Department of Pathology Rules and Regulations

At the January 26, 2009 Executive Committee meeting for Palomar Medical Center, the attached modifications to the Department of Pathology Rules and Regulations were approved for forwarding to the Board of Directors with a recommendation for approval. Recommendations for additional wording are underlined and deletions are ~~crossed-out~~.

Rationale

The Department Rules and Regulations underwent overall review with minor modifications recommended.

Attachment

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PALOMAR MEDICAL CENTER

DEPARTMENT OF PATHOLOGY
RULES AND REGULATIONS

Adopted by the Active Members of the Department of Pathology on
~~September 10, 1996~~
October 20, 2008

Adopted by the Executive Committee on
~~April 28, 1997~~
January 26, 2009

Adopted by the Board of Directors on
~~May 12, 1997~~

Rules and Regulations -- Page 1

ARTICLE I
Purpose

The purpose of the Department of Pathology shall be:

- 1.1 To enhance the likelihood that all patients admitted to the hospital or treated as an outpatient receive competent pathological services.
- 1.2 To provide a Chairman who will be responsible for the problems of a medical/administrative nature involving the Medical Staff and the Hospital Administration.
- 1.3 To initiate and maintain rules and regulations for proper and efficient functioning of the Department of Pathology in its role of providing pathology services to district patients.
- 1.4 To promote ~~and maintain~~ educational standards for the medical staff, nursing staff and hospital personnel through a representative selected by the Chairman to serve on the Education/Library Committee.

ARTICLE II
Membership

- 2.1 Qualifications
Qualifications for membership within the Department of Pathology shall include those requirements specified in the Medical Staff Bylaws, Rules and Regulations. All practitioners who apply for membership shall be board certified or ~~admissible~~ board eligible by the American Board of Pathology or the American Osteopathic Board of Pathology or shall have completed an approved residency in the foregoing disciplines; The member practitioner must acquire board certification within a three (3) year period as set forth by the Medical Staff Bylaws, Article III, Section 3.2.2. All is subject to approval by the Executive Committee and Board of Directors.
- 2.2 Responsibilities
The responsibilities of membership shall constitute:
 - 2.2.1 participation in Department business and committees and duties assigned by the Chairman in accordance with the Medical Staff Bylaws, Rules and Regulations and Department Rules and Regulations.
 - 2.2.2 attendance at a minimum of twenty-five percent (25%) of the Department meetings.
 - 2.2.3 compliance with the ethical code specified in the Medical Staff Bylaws, Rules and Regulations.
 - 2.2.4 compliance with the Medical Staff Bylaws, Rules and Regulations, Department of Pathology Rules and Regulations, Department of Pathology policies, and applicable Hospital policies and procedures.

ARTICLE III
Privileges

3.1 Prerequisites for Privileges

Privileges in the active or courtesy categories may be granted to Pathologists who meet the qualifications for membership specified in Section 2.1, are ~~affiliated~~ employed with the group holding ~~an~~ the active service contract with Palomar Pomerado Health, and who meet such additional criteria for specified privileges as the Department and Executive Committee shall determine.

Privileges in the consulting category may be granted to Pathologists who meet the qualifications for membership specified in Section 2.1 and who meet such additional criteria for specific privileges as the Department and Executive Committee shall determine.

3.2 Application

- 3.2.1 Each applicant must complete forms designating the privileges requested. Upon receipt of these forms and forwarding of an application declared complete by the Credentials Committee of the Medical Staff, the Department of Pathology, or designees, will review same and may meet with the applicant.
- 3.2.2 The Department shall determine, through information obtained from references and from other sources available to the Department, whether the applicant has established and meets all of the necessary qualifications for the clinical privileges requested. The Department shall provide the specific, written recommendation for delineating the applicant's clinical privileges, and this recommendation will be made a part of the report that shall be transmitted to the Executive Committee.
- 3.2.3 Provisional review and biennial reappointment will be in accordance with the Medical Staff Bylaws, Rules and Regulations.
- 3.2.4 Additional privileges may be requested at any time by submitting a written request accompanied by qualifying documentation. Any additional privileges recommended for approval ~~may~~ will be subject to monitoring according to guidelines to be established in accordance with national guidelines for such subspecialty privileges.

3.3 Criteria

- 3.3.1 ~~The criteria governing~~ All pathology privileges are subject to ~~documentation and of~~ demonstrable skill, experience and education relative to the evaluation and technical performance inherent in the procedures requested.
- 3.3.2 Applicants shall submit, in addition to the materials listed in Section 3.2.1, records, transcripts and interpretation reports of procedures performed during the previous year. If unavailable, alternative documentation may be designated by the Department of Pathology.
- 3.3.3 The Department shall consider any limitations in an applicant's professional liability coverage in granting privileges, and shall not grant privileges for a procedure if the applicant lacks coverage for that procedure. Denial of privileges on this basis does not constitute denial for a "medical disciplinary cause or reason" as specified in the Medical Staff Bylaws, Rules and Regulations.

3.4 Monitoring

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

ARTICLE IV
Organization

4.1 Officers

The officers of the Department of Pathology will be the Chairman and the Chairman-Elect. They shall be board certified and may, at their discretion, accept the term of office for one (1) year or two (2) years. The Chairman-Elect will assume the duties and have authority of the Chairman in the Chairman's absence. The Chairman-elect will serve as a member of the Medical Staff Quality Management Committee. Both the Chairman and the Chairman-Elect shall fulfill the duties as outlined in the Medical Staff Bylaws, Rules and Regulations.

4.2 Quality Assessment Review

Various members of the Department will be assigned responsibilities for performing quality assessment review of pathological/operative diagnosis mismatches, blood usage, cytology, etc. Such members shall be deemed appointed to standing or ad hoc committees of the Department for purposes of carrying out such functions. The Department will forward identified concerns to other clinical departments as appropriate.

ARTICLE V
Amendments

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

Adoption of rules and regulations amendments shall require a two-thirds (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 Pathology policies shall require a simple majority of Active members present at a Department meeting at which a quorum (as defined in the bylaws) is present. Amendments to Department of Pathology policies shall become effective after approval by the Department and Executive Committee; provided, however, that the Board may review any policies at its discretion and may exercise its right to approve or disapprove any policy in the same manner as a department rule and regulation.

Attendance Policy – Page 4

In accordance with the rules and regulations of the Department of Pathology, twenty-five percent (25%) of the Department meetings must be attended during a medical Staff Year (~~February-January~~ through ~~January~~ December.)

Sanctions

Non-compliance with the twenty-five percent (25%) attendance requirements of the Department of Pathology is subject to the sanctions outlined in the Medical Staff Bylaws, Rules and Regulations: Failure to satisfy meeting attendance 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 Pathology

Department of Pathology meetings are held as often as necessary, usually quarterly. The time and place of the meetings are determined by the Chairman.

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.

General Guidelines

Each applicant shall undergo a uniform monitoring process conducted by the Chairman or his designee, to be completed before advancement from Provisional category. Monitoring shall include review of written reports and the diagnostic material from which they are derived. Not more than one-half of the procedures done by the applicant shall be evaluated by any one monitor, and the remainder shall be evaluated by at least two (2) other monitors. In cases where there are insufficient numbers of qualified monitors to comply with this rule, the Chairman may permit an exception.

All monitors shall be deemed members of the department's peer review committee for purposes of performing their duties as monitors. A monitoring report shall be completed by the monitoring practitioner and filed in the applicant's credentials file in the Medical Staff Services office.

Monitors must be members of the Department of Pathology except in the case of procedures, where monitoring may be performed by a member of another department, who has privileges in his department to do the procedure in question.

Monitors have the power and responsibility to interdict procedures or therapy which they deem dangerous or contraindicated pending evaluation by the Department Chairman or the Chief of Staff.

After monitoring reports have been filed with the Medical Staff Services Office, they shall be reviewed and recommendation of discontinuation or continuation of monitoring made.

Number of Cases to be Monitored

No less than 50 cases of varying complexity and representative of scope of practice.

Location of Monitoring

Cases may be monitored at either Palomar Medical Center or Pomerado Hospital if the monitor is an Active category member of the Palomar Medical Center Medical Staff.

Additional Monitoring

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

Additional Privileges

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

Temporary Privileges

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

Guidelines for Review of Privileges – Page 6

Responsibility of the Credentials Committee of the Medical Staff

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.

Responsibility of the Department of Pathology

To determine documented and demonstrable skill, experience and education relative to the evaluation and technical performance inherent in the procedures requested.

Resources

- a. ~~Education/Training—The application process includes submission of a questionnaire to the director of the internship, residency and fellowship. 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. ~~Malpractice Coverage Limitations~~
- d. ~~Criteria (as developed for specific procedures)~~
- e. ~~List of Procedures/Equipment Requiring Certificates~~
- f. ~~Department of Pathology policy entitled “Department of Pathology Monitoring Policy.”~~
- g. ~~Department of Pathology policy entitled “Department of Pathology Attendance Policy.”~~

Quality Assessment Review Policy – Page 7

Quality assessment review will be performed in accordance with the Department of Pathology Quality Assessment Plan for Surgical Pathology, which includes anatomical, tissue, cytology and frozen section. In addition, reference should be made to the generic screening criterion #7 “Blood Transfusion Reactions, Complication or Improper Utilization.” The Department will forward identified concerns to the Quality Management Committee, Medical Executive Committee or other clinical departments as appropriate.

The Department of Pathology encourages resolution of interpersonal conflicts, e.g. differences of opinion, 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.

**Palomar Medical Center
Medical Staff Policy
Conflict Resolution**

Purpose: To allow employee/physician (interpersonal/behavior) 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 and colleagues.)
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 it with the immediate appropriate supervisor (i.e. Department Chair, Chief of Staff, Service Line Administrator for Nursing Services, Section Chief of Laboratory Scientists, Assistant or Chief Service Line Administrator for Laboratory Services, etc).
4. The appropriate supervisor, as stated above, 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 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~~ immediate Section Chief and/or appropriate Assistant ~~Administrator~~ or Chief Service Line Administrator. The hospital wide quality assessment system may be utilized as appropriate. Significant trends of behavioral aberrancies will be managed per existing hospital personnel procedures or Medical Staff Bylaws.

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.



Pomerado Hospital Medical Staff Services

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

DATE: January 28, 2009
TO: Board of Directors - February 9, 2009
FROM: Franklin M. Martin, M.D., Chief of Staff, Pomerado Hospital Medical Staff
SUBJECT: Medical Staff Credentials Recommendations – January 2009

Provisional Appointments: (02/09/2009 – 01/31/2011)

Justin M. Gooding, M.D. – Diagnostic Radiology
William M. Kakimoto, M.D. - Diagnostic Radiology
David A. Kaminskis, M.D. – Neurology (includes Villa)
Margaret M. Lee, M.D. – Diagnostic Radiology
William P. Mansfield, M.D. – Diagnostic Radiology
Tan M. Nguyen, M.D. – Diagnostic Radiology
Sean P. Pinnell, M.D. – Diagnostic Radiology

Biennial Reappointments: (03/01/2009 – 02/28/2011)

Rosalyn P. Baxter-Jones, M.D. – OB/GYN- Courtesy
Mark M. Boiskin, M.D. – Medicine - Courtesy
Charles D. Callery, M.D. – Surgery - Active
Richard C. Engel, M.D. – Anesthesia - Active
P. Eva Fadul, M.D. – Anesthesia - Active
Nabil I. Fatayerji, M.D. – Pediatrics - Active
Benjamin Kanter, M.D. – Medicine – Active (includes Villa and Sub-Acute)
Dennis M. Mamaril, M.D. – Medicine – Active (includes Villa)
Thomas J. Marcisz, M.D. – Surgery - Active
Stephen F. Signer, M.D. – Medicine - Courtesy
Alicja S. Steiner, M.D. – Anesthesia - Affiliate

Additional Privileges

Manal M. Schoellerman, M.D. – Interpretation (Imaging) in Hospital

Advancements:

Preeti Bansal, M.D. – Ophthalmology – Consulting – (02/09/2009 – 11/30/2010)
Yvette M. Jockin, M.D. – Ophthalmology – Consulting – (02/09/2009 – 04/30/2010)
Marcus Van, M.D. – Radiology – Affiliate – (02/09/2009 – 08/31/2010)

Change in Category to Affiliate:

Douglas Winter, M.D.

Resignations:

John Anderson, M.D. - Radiology
Samir S. Makani, M.D. – Pulmonary/Critical Care
Felix Furman, M.D. – Internal Medicine (Hospitalist)
Larry T. Konzen, M.D. – Internal Medicine
Andrew Polansky, M.D. – Radiology
James J. Underwood, M.D. - Pathology

Expiration of Membership

Matthew Curtis, M.D. – Ophthalmology (Expiration of LOA)
Monica Ormsby, M.D. – Internal Medicine

Allied Health Professional Appointments: (02/09/2009 – 01/31/2011)

Jeremy D. Blakespear, P.A.-C – Sponsors Jaime Rivas, M.D. & CEP Physicians
Jacqueline Y. Copeland, N.P.- Sponsors Glenn Panzer, M.D. & Sabiha Pasha, M.D.
Jasveen K. Dhillon, P.A.-C – Sponsors Leslie Gullahorn, M.D. & Kevin Yoo, M.D.
Angela M. Lierman, NNP – Sponsors David Golembeski, M.D. & Neonatologists
Rae Richard, N.P. – Sponsors Marc Sedwitz, M.D. & Sunil Rayan, M.D.
Terese P. Trujillo, N.P. – Sponsors Lawrence Koenig, M.D. & Donald Herip, M.D.
Xavier I. Valdez, P.A.-C – Sponsors Leslie Gullahorn, M.D. & Kevin Yoo, M.D.

Allied Health Professional Reappointments: (03/01/2009 – 01/31/2011)

Kimberly A. Kreifeldt, P.A.-C – Sponsor – Kevin Yoo, M.D.
Regina R. McFadden-Moehling, N.P. – Sponsors –Lisa Heikoff, M.D. & Kaiser Physicians
Ellen S. Petersen, N.P. – Sponsors – Donald Herip, M.D. & Keyvan Esmaeili, M.D.
Glen T. Pugh, N.P. – Sponsors – Donald Herip, M.D. & Keyvan Esmaeili, M.D.

Allied Health Professional Resignation:

Wayne Inancsi, P.A.

Allied Health Profession Additional Privilege:

Jane Salinas Morse, P.A.-C – Lumbar Puncture

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.

POMERADO HOSPITAL

DEPARTMENT OF PATHOLOGY
RULES AND REGULATIONS

Adopted by the Active Members of the Department of Pathology on
~~September 10, 1996~~
October 20, 2008

Adopted by the Executive Committee on
~~April 28, 1997~~
January 27, 2009

Adopted by the Board of Directors on
~~May 12, 1997~~

Pomerado Hospital
Department of Pathology

Rules and Regulations – Page 1

ARTICLE I

Purpose

The purpose of the Department of Pathology shall be:

- 1.1 To enhance the likelihood that all patients admitted to the hospital or treated as an outpatient receive competent pathological services.
- 1.2 To provide a Chairman who will be responsible for the problems of a medical/administrative nature involving the Medical Staff and the Hospital Administration.
- 1.3 To initiate and maintain rules and regulations for proper and efficient functioning of the Department of Pathology in its role of providing pathology services to district patients.
- 1.4 To promote ~~and maintain~~ educational standards for the medical staff, nursing staff and hospital personnel through a representative selected by the Chairman to serve on the Education/Library Committee.

ARTICLE II

Membership

- 2.1 Qualifications
Qualifications for membership within the Department of Pathology shall include those requirements specified in the Medical Staff Bylaws, Rules and Regulations. All practitioners who apply for membership shall be board certified or ~~admissible~~ board eligible by the American Board of Pathology or the American Osteopathic Board of Pathology or shall have completed an approved residency in the foregoing disciplines; The member practitioner must acquire board certification within a three (3) year period as set forth by the Medical Staff Bylaws, Article III, Section 3.2.2. All is subject to approval by the Executive Committee and Board of Directors.
- 2.2 Responsibilities
The responsibilities of membership shall constitute:
 - 2.2.1 participation in Department business and committees and duties assigned by the Chairman in accordance with the Medical Staff Bylaws, Rules and Regulations and Department Rules and Regulations.
 - 2.2.2 attendance at a minimum of twenty-five percent (25%) of the Department meetings.
 - 2.2.3 compliance with the ethical code specified in the Medical Staff Bylaws, Rules and Regulations.
 - 2.2.4 compliance with the Medical Staff Bylaws, Rules and Regulations, Department of Pathology Rules and Regulations, Department of Pathology policies, and applicable Hospital policies and procedures.

ARTICLE III

Privileges

- 3.1 Prerequisites for Privileges

Privileges in the active or courtesy categories may be granted to Pathologists who meet the qualifications for membership specified in Section 2.1, are ~~affiliated~~ employed with the group holding ~~an~~ the active service contract with Palomar Pomerado Health, and who meet such additional criteria for specified privileges as the Department and Executive Committee shall determine.

Pomerado Hospital
Department of Pathology

Rules and Regulations – Page 2

Privileges in the consulting category may be granted to Pathologists who meet the qualifications for membership specified in Section 2.1 and who meet such additional criteria for specific privileges as the Department and Executive Committee shall determine.

3.2 Application

3.2.1 Each applicant must complete forms designating the privileges requested. Upon receipt of these forms and forwarding of an application declared complete by the Credentials Committee of the Medical Staff, the Department of Pathology, or designees, will review same and may meet with the applicant.

3.2.2 The Department shall determine, through information obtained from references and from other sources available to the Department, whether the applicant has established and meets all of the necessary qualifications for the clinical privileges requested. The Department shall provide the specific, written recommendation for delineating the applicant's clinical privileges, and this recommendation will be made a part of the report that shall be transmitted to the Executive Committee.

3.2.3 Provisional review and biennial reappointment will be in accordance with the Medical Staff Bylaws, Rules and Regulations.

3.2.4 Additional privileges may be requested at any time by submitting a written request accompanied by qualifying documentation. Any additional privileges recommended for approval ~~may~~ will be subject to monitoring according to guidelines to be established in accordance with national guidelines for such subspecialty privileges.

3.3 Criteria

3.3.1 ~~The criteria governing~~ All pathology privileges are subject to will be documented and of demonstrable skill, experience and education relative to the evaluation and technical performance inherent in the procedures requested.

3.3.2 Applicants shall submit, in addition to the materials listed in Section 3.2.1, records, transcripts and interpretation reports of procedures performed during the previous year. If unavailable, alternative documentation may be designated by the Department of Pathology.

3.3.3 The Department shall consider any limitations in an applicant's professional liability coverage in granting privileges, and shall not grant privileges for a procedure if the applicant lacks coverage for that procedure. Denial of privileges on this basis does not constitute denial for a "medical disciplinary cause or reason" as specified in the Medical Staff Bylaws, Rules and Regulations.

3.4 Monitoring

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

Pomerado Hospital
Department of Pathology

Rules and Regulations – Page 3

ARTICLE IV
Organization

4.1 Officers

The officers of the Department of Pathology will be the Chairman and the Chairman-Elect. They shall be board certified and may, at their discretion, accept the term of office for one (1) year or two (2) years. The Chairman-Elect will assume the duties and have authority of the Chairman in the Chairman's absence. The Chairman-elect will serve as a member of the Medical Staff Quality Management Committee. Both the Chairman and the Chairman-Elect shall fulfill the duties as outlined in the Medical Staff Bylaws, Rules and Regulations.

4.2 Quality Assessment Review

Various members of the Department will be assigned responsibilities for performing quality assessment review of pathological/operative diagnosis mismatches, blood usage, cytology, etc. Such members shall be deemed appointed to standing or ad hoc committees of the Department for purposes of carrying out such functions. The Department will forward identified concerns to other clinical departments as appropriate.

ARTICLE V
Amendments

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

Adoption of rules and regulations amendments shall require a two-thirds (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 Pathology policies shall require a simple majority of Active members present at a Department meeting at which a quorum (as defined in the bylaws) is present. Amendments to Department of Pathology policies shall become effective after approval by the Department and Executive Committee; provided, however, that the Board may review any policies at its discretion and may exercise its right to approve or disapprove any policy in the same manner as a department rule and regulation.

Pomerado Hospital
Department of Pathology

Attendance Policy – Page 4

In accordance with the rules and regulations of the Department of Pathology, twenty-five percent (25%) of the Department meetings must be attended during a medical Staff Year (~~February-January~~ through ~~January~~ December.)

Sanctions

Non-compliance with the twenty-five percent (25%) attendance requirements of the Department of Pathology is subject to the sanctions outlined in the Medical Staff Bylaws, Rules and Regulations: Failure to satisfy meeting attendance 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 Pathology

Department of Pathology meetings are held as often as necessary, usually quarterly. The time and place of the meetings are determined by the Chairman.

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.

Pomerado Hospital
Department of Pathology

Monitoring Policy – Page 5

General Guidelines

Each applicant shall undergo a uniform monitoring process conducted by the Chairman or his designee, to be completed before advancement from Provisional category. Monitoring shall include review of written reports and the diagnostic material from which they are derived. Not more than one-half of the procedures done by the applicant shall be evaluated by any one monitor, and the remainder shall be evaluated by at least two (2) other monitors. In cases where there are insufficient numbers of qualified monitors to comply with this rule, the Chairman may permit an exception.

All monitors shall be deemed members of the department's peer review committee for purposes of performing their duties as monitors. A monitoring report shall be completed by the monitoring practitioner and filed in the applicant's credentials file in the Medical Staff Services office.

Monitors must be members of the Department of Pathology except in the case of procedures, where monitoring may be performed by a member of another department, who has privileges in his department to do the procedure in question.

Monitors have the power and responsibility to interdict procedures or therapy which they deem dangerous or contraindicated pending evaluation by the Department Chairman or the Chief of Staff.

After monitoring reports have been filed with the Medical Staff Services Office, they shall be reviewed and recommendation of discontinuation or continuation of monitoring made.

Number of Cases to be Monitored

No less than 50 cases of varying complexity and representative of scope of practice.

Location of Monitoring

Cases may be monitored at either Palomar Medical Center or Pomerado Hospital if the monitor is an Active category member of the Palomar Medical Center Medical Staff.

Additional Monitoring

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

Additional Privileges

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

Temporary Privileges

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

Pomerado Hospital
Department of Pathology

Guidelines for Review of Privileges – Page 6

Responsibility of the Credentials Committee of the Medical Staff

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.

Responsibility of the Department of Pathology

To determine documented and demonstrable skill, experience and education relative to the evaluation and technical performance inherent in the procedures requested.

Resources

- a. ~~Education/Training—The application process includes submission of a questionnaire to the director of the internship, residency and fellowship. 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. ~~Malpractice Coverage Limitations~~
- d. ~~Criteria (as developed for specific procedures)~~
- e. ~~List of Procedures/Equipment Requiring Certificates~~
- f. ~~Department of Pathology policy entitled “Department of Pathology Monitoring Policy.”~~
- g. ~~Department of Pathology policy entitled “Department of Pathology Attendance Policy.”~~

Quality assessment review will be performed in accordance with the Department of Pathology Quality Assessment Plan for Surgical Pathology, which includes anatomical, tissue, cytology and frozen section. In addition, reference should be made to the generic screening criterion #7 “Blood Transfusion Reactions, Complication or Improper Utilization.” The Department will forward identified concerns to the Quality Management Committee, Medical Executive Committee or other clinical departments as appropriate.

The Department of Pathology encourages resolution of interpersonal conflicts, e.g. differences of opinion, 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.

**Palomar Medical Center
Medical Staff Policy
Conflict Resolution**

Purpose: To allow employee/physician (interpersonal/behavior) 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 and colleagues.)
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 it with the ~~immediate~~ appropriate supervisor (i.e. Department Chair, Chief of Staff, Service Line Administrator for Nursing Services, Section Chief of Laboratory Scientists, Assistant or Chief Service Line Administrator for Laboratory Services, etc).
4. The appropriate supervisor, as stated above, 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 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~~ immediate Section Chief and/or appropriate Assistant ~~Administrator~~ or Chief Service Line Administrator. The hospital wide quality assessment system may be utilized as appropriate. Significant trends of behavioral aberrancies will be managed per existing hospital personnel procedures or Medical Staff Bylaws.

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.

Immediate Pathology Consultation when Scheduled Pathologist is Unavailable

PURPOSE: To establish a chain of command to be followed if the scheduled or on-call pathologist is not available and the patient's medical care necessitates an immediate pathology consultation.

1. Normally, during the hours of approximately 8:00 to 5:00 p.m., Monday through Friday, there is an assigned pathologist on the premises who is responsible for performing immediate pathology consultations on material which has been submitted to the laboratory for this purpose. Should that pathologist be unavailable to perform such a consultation, any other pathologist present on the premises should be contacted and requested to perform this service.
2. If the assigned and designated pathologist is not available and no other pathologist is available on the premises, the pathologist assigned the same responsibility at the other district facility should be notified of the requirement for immediate consultation and shall assume this responsibility if possible.
3. If there is a requirement for immediate pathology consultation at a time other than described above, the assigned laboratory employee will ~~make a concerted, timely effort to contact~~ follow and comply with the established procedure for contacting the assigned on-call pathologist.
4. If the assigned on-call pathologist is not available or does not respond ~~in a "reasonable time"~~ (reasonable time will be defined by the circumstances,) within 30 minutes, the employee will follow the following chain of command:
 - ~~A. Laboratory Director~~
 - ~~BA. Associate Laboratory Director~~ Department Chairman
 - ~~CB. Assistant-Laboratory Director~~
 - ~~DC. Any other pathologist~~
- 5.E A written quality assessment report will be initiated.

Naming Opportunity at Jean McLaughlin's Women's Center

TO: Board of Directors

MEETING DATE: February 9, 2009

FROM: Al Stehly, Chair, Palomar Pomerado Health Foundation

Background: The Palomar Pomerado Health Foundation Board of Directors recommends that the PPH District Board of Directors name the gallery and healing garden at the Jean McLaughlin Women's Center in honor of Vaughdean Forbes. She has met all the funding requirements outlined in the Foundation's naming policy which was approved by the Board of Directors in fiscal year 2008. This is recognition of her generosity and will carry out her legacy and assure that women have access to quality healthcare.

The recognition plaque will be consistent with the design of the building and other naming plaques already displayed at the Women's Center and will read as the following:

"In gratitude for her generous giving, the healing gardens and gallery are name for Vaughdean Forbes".

Budget Impact: None. PPHF has budgeted for the naming recognition plaque and dedication ceremony.

COMMITTEE RECOMMENDATION:

Motion: to approve by regular vote

Individual Action:

Information:

Required Time: 3 minutes

PALOMAR POMERADO HEALTH
Report on ad hoc Compliance Committee

TO: Board of Directors

MEETING DATE: Monday February 9, 2009

FROM: INTERNAL AUDIT AND COMPLIANCE COMMITTEE
Meeting of January 20, 2009

BY: Tom Boyle
Director Internal Audit
Palomar Pomerado Health

Background: Linda Greer reported on the recent ad hoc Corporate Compliance Committee meeting and the recommendations brought forth in the report from the outside consultant.

Budget Impact: NONE

Staff Recommendation: INFORMATIONAL ONLY

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

PALOMAR POMERADO HEALTH
Status of Director of Corporate Compliance Department Search

TO: Board of Directors

MEETING DATE: Monday February 9, 2009

FROM: INTERNAL AUDIT AND COMPLIANCE COMMITTEE
Meeting of January 20, 2009

BY: Tom Boyle
Director Internal Audit
Palomar Pomerado Health

Background: Janine Sarti reported on the search status of the vacant position for Director of Corporate Compliance. We have recently retained the services of a recruiting firm KornFerry, to assist us in securing the talent for this position.

Budget Impact: NONE

Staff Recommendation: INFORMATIONAL ONLY

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

PALOMAR POMERADO HEALTH
Status of Compliance Department Hotline

TO: Board of Directors

MEETING DATE: Monday February 9, 2009

FROM: INTERNAL AUDIT AND COMPLIANCE COMMITTEE
Meeting of January 20, 2009

BY: Tom Boyle
Director Internal Audit
Palomar Pomerado Health

Background: Janine Sarti reported on the number of calls received and the status of the Compliance Department Hotline.

Budget Impact: NONE

Staff Recommendation: INFORMATIONAL ONLY

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

PALOMAR POMERADO HEALTH
Date/Time/Location of Next Meeting

TO: Board of Directors

MEETING DATE: Monday February 9, 2009

FROM: INTERNAL AUDIT AND COMPLIANCE COMMITTEE
Meeting of January 20, 2009

BY: Tom Boyle
Director Internal Audit
Palomar Pomerado Health

Background: To discuss the date and time of the next meeting. It is currently scheduled for 8:00 am Tuesday, February 17, 2009 in the 1st Floor Conference Room at 456 E. Grand Av, Escondido, CA.

Budget Impact: NONE

Staff Recommendation: INFORMATIONAL ONLY

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

PALOMAR POMERADO HEALTH
Re-draft of Internal Audit & Compliance Committee Charter

TO: Board of Directors

MEETING DATE: Monday February 9, 2009

FROM: INTERNAL AUDIT AND COMPLIANCE COMMITTEE
Meeting of January 20, 2009

BY: Tom Boyle
Director Internal Audit
Palomar Pomerado Health

Background: Linda Greer reported on the recent re-draft of the charter for the Internal Audit and Compliance Committee that included language from the ad hoc committee report.

Budget Impact: NONE

Staff Recommendation: APPROVAL

Committee Questions:

<p>COMMITTEE RECOMMENDATION:</p> <p>Motion:</p> <p>Individual Action:</p> <p>Information:</p> <p>Required Time:</p>
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PALOMAR POMERADO HEALTH
Update on Internal Audit Services activities

TO: Board of Directors

MEETING DATE: Monday February 9, 2009

FROM: INTERNAL AUDIT AND COMPLIANCE COMMITTEE
Meeting of January 20, 2009

BY: Tom Boyle
Director Internal Audit
Palomar Pomerado Health

Background: Tom Boyle reported on Internal Audit Services activities.

Budget Impact: NONE

Staff Recommendation: INFORMATIONAL ONLY

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

PALOMAR POMERADO HEALTH

Update on 3M Auditing Expert Coding Program

TO: Board of Directors

MEETING DATE: Monday February 9, 2009

FROM: INTERNAL AUDIT AND COMPLIANCE COMMITTEE
Meeting of January 20, 2009

BY: Tom Boyle
Director Internal Audit
Palomar Pomerado Health

BACKGROUND:
THIS ITEM WAS NOT ON THE AGENDA, BUT WAS AN ADD-ON.

Kim Jackson reported on the status of the PPH Auditing Expert Coding Program.

BUDGET IMPACT: None

STAFF RECOMMENDATION: INFORMATION

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH
Board Policies Availability on Lucidoc

TO: Board of Directors

MEETING DATE: Monday February 9, 2009

FROM: GOVERNANCE COMMITTEE
Meeting of January 20, 2009

Background: It was suggested that all sixty Board policies be added to the Board Handbook. In order to keep the Handbook to a manageable size however, the Board policies will be available on Lucidoc for printing as needed and a hard copy will be kept in the Board office for reference.

Budget Impact: NONE

Staff Recommendation: INFORMATIONAL ONLY

Committee Questions:

COMMITTEE RECOMMENDATION:	
Motion:	
Individual Action:	
Information:	X
Required Time:	

PALOMAR POMERADO HEALTH
District Structure Outline added to Board Portal

TO: Board of Directors

MEETING DATE: Monday February 9, 2009

FROM: GOVERNANCE COMMITTEE
Meeting of January 20, 2009

Background: The District structure outline was added to the Board portal.

Budget Impact: NONE

Staff Recommendation: INFORMATIONAL ONLY

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

PALOMAR POMERADO HEALTH
Board Policy Review Schedule

TO: Board of Directors

MEETING DATE: Monday February 9, 2009

FROM: GOVERNANCE COMMITTEE
Meeting of January 20, 2009

Background: When legal counsel receives the Lucidoc schedule of Board policies for review, that schedule will be shared with the Governance Committee.

Budget Impact: NONE

Staff Recommendation: INFORMATIONAL ONLY

Committee Questions:

COMMITTEE RECOMMENDATION:	
Motion:	
Individual Action:	
Information:	X
Required Time:	

Informational: Annual Review of PPH Bylaws Relating to HR Committee

TO: PPH Board of Directors

MEETING DATE: February 9, 2009

FROM: Human Resources Committee: January 21, 2009

BACKGROUND:

PPH Board Bylaws are reviewed annually. HR Committee reviewed section 6.2.3 that relates to the Human Resources Committee.

BUDGET IMPACT: None

COMMITTEE RECOMMENDATION: No changes necessary.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Informational: 2009 HR Committee Dates/Times

TO: PPH Board of Directors

MEETING DATE: February 9, 2009

FROM: Human Resources Committee: January 21, 2009

BACKGROUND:

The Secretary of the Human Resources Committee respectfully submitted the following dates for the 2009 Board HR Committee meetings:

Time: 1715-1915

Place: 456 E. Grand Ave

Date: 3rd Wednesday as follows:

February 18

March 18

April 15

May 20

June 17

July 15

August 19

September 16

October 21

November 18

December 16

BUDGET IMPACT: Not Applicable

STAFF RECOMMENDATION: 2009 Board HR Committee meetings accepted as proposed.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

256

Informational: Dependent Audit

TO: PPH Board of Directors

MEETING DATE: February 9, 2009

FROM: Human Resources Committee: January 21, 2009

Background: Companies who have conducted audits of dependents covered under medical plans are finding large numbers of ineligible dependents covered. Covering ineligible dependents increases the cost of health insurance for everyone. An audit of dependent eligibility is one way to ensure that only eligible dependents are provided insurance coverage. This approach has pros and cons. A summary of the pros and cons is enclosed for discussion.

Budget Impact: Potential of \$2.9 million

Staff Recommendation:

M. Covert suggested that 1) the Committee think about this audit, 2) that we find out how many employees we are actually dealing with, and 3) we have a discussion with the company to let us know the procedure for the dependent audit.

Topic to be discussed further in a future Board HR Committee meeting.

Committee Questions/Suggestions/Requests:

Discussion included:

1. A third party vendor will be used to collect and validate documentation. Excessive dependent cost savings could be funneled back into PPH pay and benefits.
2. J. Kaufman asked if any laws would be violated by an audit of this type. An audit of this nature is not discriminatory for affirmation that coverage is legitimate. However, Janine Sarti will explore legal implications.
3. Question is if pros outweigh the cons for conducting a dependent audit.
4. The fee is a flat fee and if 4% is not saved, the company would reduce their fees for the audit. The audit will take four to six months to complete. Communications are a major part of this audit.
5. Discussion also included the response of employees to this type of audit. Communication to employees will be key to the success of the audit.

Informational: Dependent Audit

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

DEPENDENT ELIGIBILITY AUDIT PROS AND CONS

PROS

- Online enrollment tools have helped streamline the open enrollment process; however, it has created a system that employees can easily abuse and does not provide checks and balances to verify dependents added to employer plans.
- Dependent eligibility is currently verified only when changes are made during a plan year (i.e., qualified change in status).
- American family and demographics changing; divorce, step families, grandchildren, common law, domestic partners, etc.
- Tremendous ROI for companies that perform a dependent eligibility audit. Published outcomes indicate 5% to 15% of employees have ineligible dependents enrolled on corporate health plan(s).
- Typically, an audit will pay for itself prior to the completion of the project. In most cases, a finding of 1% - 2% pays for the cost of a comprehensive dependent eligibility audit.
- Through VHA a dependent audit can be done with performance guarantees. They are also willing to commit to finding a minimum of 4% ineligible dependents or reducing their fees.
- A dependent eligibility audit provides an objective review of dependent status and ensures all employees are treated fair.
- Ability to reward honest employees and help keep premiums lower and the quality and level of health benefits higher.

CONS

- Employees may be unhappy and question why the company is doing this.
- Communication is critical. Executive and management buy-in and support must be present.
- Process is time consuming and may be expensive.
- Large call volumes from employees, large volumes of mail going out and in, distraction from primary job responsibilities.

Informational: Job Descriptions

TO: PPH Board of Directors

MEETING DATE: February 9, 2009

FROM: Human Resources Committee: January 21, 2009

Background: The Board recommended changes in the job descriptions for the Director, Internal Audit and Director, Compliance positions. These changes have been made and will be presented to the HR Committee. The Board also recommended changes to the severance procedure. This procedure has also been updated.

Budget Impact: None

Staff Recommendation:

Director Bassett would like to pursue consensus of the sub-committee members for their agreement to change the job description requirement to “preferred educational requirement: Masters” before seeking final approval of the full Board.

Committee Questions/Suggestions/Requests:

Job Descriptions:

1. Discussion ensued relating to the educational requirement for the positions. General consensus was to change the required educational requirement to Masters.

Severance Pay:

1. G. Bracht suggested changing the Associate Chief Nursing Officers verbiage to Chief Nursing Officers to reflect the title now used in the organization.

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Palomar Pomerado Health
Job Description/Performance Evaluation
Director Corporate Compliance and Integrity
 Job Code: 5038

Department: Compliance 8512
 Facility: 10 Innovation
 Reports to: President/CEO/Board Internal Audit Comp Comm

Revised By: 21738
 Revision Date: 12/10/08
 Previous Revision Date: 09/22/08

Employee Name: _____
 Employee ID #: _____

Evaluation Due Date: _____
 Evaluation Completion Date: _____

All positions at PPH support the mission of the organization to heal, comfort and promote health in the communities we serve.

Job Summary

Responsible for the provision of Corporate Compliance, ensuring a strategy and vision for these services that support the PPH Strategic Plan. Responsibilities include assessing, planning, implementing and evaluating all aspects of care/services delivered; insuring quality programs, patient safety and a level of customer service that strives to exceed internal and external customer expectations; develops strong relationships with primary customers. Practices excellent employee relations and attention to employee needs. Develops and mentors a high performing management team for all areas of responsibility. Ensures financial viability by managing both applicable revenue and expenses with attention to supply cost utilization and a high level of productivity in cost centers under direct control.

Responsible for development and management of a system-wide program to proactively assess, monitor, and ensure regulatory compliance. Oversee environmental rounds, industrial hygiene monitoring, ergonomic evaluations, and investigation of unsafe conditions and security issues. Functions as the key internal resource to regional leadership and operating entities on matters related to compliance with pertinent laws, regulations, standards, policies, and guidelines promulgated by regulatory agencies, professional organizations, and PPH. Is the system Integrity Officer, responsible for developing controls capable of preventing or promptly detecting fraud, deficiency, or failure on the part of individuals or systems. Has a dual reporting relationship to the President/CEO and the Board Internal Audit and Compliance Committee. Reports to the Board of Directors on issues that put PPH at risk, or which are less than best practices. Responsible for continuous audit, consultation, reporting, recommendation, and education in a manner that is consistent with and supportive of the PPH mission and core values. Performs other duties as assigned. Follows PPH rules, policies, procedures, applicable laws, and standards. Carries out the mission, vision, values, and quality commitment of PPH.

Job Requirements

Minimum Education: **Bachelors Degree or equivalent education and experience**
 Preferred Education: **Juris Doctorate**

Minimum Experience: **3 years within a healthcare setting**
Experience evaluating complex information systems and related control environments
Significant experience directing sensitive investigations

Preferred Experience:

Certification: **Certified Compliance Professional (CCP) preferred**
 License: **Valid drivers license**

Palomar Pomerado Health
Job Description/Performance Evaluation
Director Audit Services
 Job Code: 5039

Department: Internal Audit Service 8513
 Facility: 10 Innovation
 Reports to: President/CEO/Board Internal Audit Comp Comm

Revised By: 21738
 Revision Date: 12/10/08
 Previous Revision Date: 10/01/06

Employee Name: _____
 Employee ID #: _____

Evaluation Due Date: _____
 Evaluation Completion Date: _____

All positions at PPH support the mission of the organization to heal, comfort and promote health in the communities we serve.

Job Summary

Responsible for the provision of Internal Audit Services, ensuring a strategy and vision for these services that support the PPH Strategic Plan. Responsibilities include assessing, planning, implementing and evaluating all aspects of care/services delivered; insuring quality programs, patient safety and a level of customer service that strives to exceed internal and external customer expectations; develops strong relationships with primary customers. Practices excellent employee relations and attention to employee needs. Develops and mentors a high performing management team for all areas of responsibility. Ensures financial viability by managing both applicable revenue and expenses with attention to supply cost utilization and a high level of productivity in cost centers under direct control. Responsible for providing an independent appraisal of the diverse operations and controls within PPH to determine whether acceptable policies and procedures are followed, established standards are met, resources are used efficiently and effectively, and the District's objectives are being achieved. Has a dual reporting relationship to the President/CEO and the Board Internal Audit and Compliance Committee. Reports to the Board of Directors on issues that put PPH at risk, or which are less than best practices. Performs other duties as assigned. Follows PPH rules, policies, procedures, applicable laws, and standards. Carries out the mission, vision, values, and quality commitment of PPH.

Job Requirements

- Minimum Education: Bachelor's degree or equivalent education/experience
- Preferred Education: MBA
- Minimum Experience: 7 years progressive healthcare audit experience, knowledgeable in current audit processes and technologies, past management of an audit function preferable
 Significant experience directing sensitive investigations
 Experienced in conversion of complex information systems & related control environments
- Preferred Experience:
- Certification: CPA or CIA
 CISA or CFE (*preferred – not required*)
- License: Valid drivers license

PALOMAR Palomar Pomerado Health
POMERADO
HEALTH Human Resources

Severance Pay
 3655

Procedure

(Rev: 4) Official

SPECIALIZING IN YOU **Applicable to:****Affected Departments:****I. PURPOSE:**

To describe severance benefits.

II. DEFINITIONS:

The terms "full time," "part time," "casual," "per diem," and "temporary" shall have the same meaning as defined in Human Resources Procedure #2547, "Hours Worked and Employee Status."

III. TEXT / STANDARDS OF PRACTICE:

- A. Except for those parts of this procedure pertaining to the President/CEO's benefits, all questions regarding coverage, entitlement, scope of benefits and interpretation of this procedure shall be resolved in the first instance by the President/CEO in his/her sole discretion. Final interpretation authority is reserved to the Board of Directors, whose decisions in this regard shall be final and binding. PPH may terminate this severance pay procedure at any time and, if this procedure is terminated, no employee other than those who have already terminated will be entitled to any benefits under this procedure.
- B. This procedure applies to all full and part time PPH employees (hereinafter referred to as "Employees"). Casual, per diem and temporary employees are not eligible for severance benefits under this procedure.
- C. Employees covered by a Collective Bargaining Agreement are excluded from this Procedure and any severance benefits will be determined by those Agreements.
- D. If PPH terminates employment without cause, it will pay the employee the benefits set forth in Section D as severance benefits.
 1. Said benefits will be subject to applicable withholding taxes.
 2. No severance benefits will be provided as a result of an employee's death, disability, voluntary resignation, or termination for cause, as defined in Section E.8 below.
- E. The applicable amount of severance benefits will be determined according to the employee's position as follows:
 1. The President/CEO, Administrators/COO's and Officers will have their severance benefits established in individual written employment agreements entered into between them and the Health System: the employees specified in this Section E.1 have no rights to severance benefits under this procedure. The Board will negotiate the President/CEO's employment agreement and the President/CEO will negotiate agreements with the Officers of the organization at levels approved by the Board of Directors.
 2. Officers shall generally receive the following severance benefits:
 - a. An amount equal to twelve (12) months salary as severance pay.
 - b. PPH will subsidize the cost of the Officer's COBRA health care continuation coverage for twelve (12) months. The Officer will be responsible for the portion of the health insurance coverage consistent with other PPH employees.
 3. The positions of Compliance Officer and Internal Auditor shall receive the following severance benefits:
 - a. An amount equal to twelve (12) months salary as severance pay
 - b. PPH will subsidize the cost of the Compliance Officer's and Internal Auditor's COBRA health care continuation of coverage for twelve (12) months. The Compliance Officer and Internal Auditor will be responsible for the portion of health insurance coverage consistent with other PPH employees.
 4. The positions of Corporate Controller and Associate Chief Nursing Officers shall receive the following severance benefits:
 - a. An amount equal to nine (9) months' salary as severance pay.
 - b. PPH will pay for the cost of the COBRA health care continuation coverage for nine

- (9) months. The Corporate Controller and Associate Chief Nursing Officers will be responsible for the portion of the health insurance coverage consistent with other PPH employees.
5. Employees with full responsibility for the operations of a department and/or a major function within PPH (hereinafter referred to as Department Directors) shall be entitled to the following severance benefits:
 - a. An amount equal to six (6) months' salary as severance pay.
 - b. PPH will pay for the cost of the COBRA health care continuation coverage for six (6) months. Department Directors will be responsible for the portion of the health insurance coverage consistent with other PPH employees.
 6. Employees with the position title "Manager" shall be entitled to the following severance benefits:
 - a. An amount equal to three (3) months salary as severance pay.
 - b. PPH will pay for the cost of the COBRA health care continuation coverage for three (3) months. Managers will be responsible for the portion of the health insurance coverage consistent with other PPH employees
 7. All other eligible PPH employees will receive, as severance pay, an amount equal to one week's salary per year of service, up to a maximum of twelve (12) weeks.
 - a. PPH will subsidize the cost of the COBRA health care continuation coverage for one (1) month.
 8. PPH has the right to terminate employees with or without cause and this procedure sets out an employee's exclusive and sole right to compensation from PPH if such employee is terminated without cause.
 9. For purposes of this severance pay procedure, "cause" shall mean serious misconduct, such as fraud, embezzlement, misappropriation of PPH property or undue use of influence as a PPH official, criminal activities, whether or not prosecution or conviction occurs, the employee's repeated failure to perform the essential functions of his/her job in a satisfactory fashion, and use of illegal drugs or abuse of legal drugs, including alcohol, after a prior warning concerning such drug or abuse.
 10. *For non-exempt employees, a "week's salary" means an amount equal to the employee's final hourly rate multiplied by the number of hours the employee was regularly scheduled to work each week at the time of his/her termination from employment with PPH. For exempt employees, "one week's salary" is an amount equal to the product of the employee's final hourly rate multiplied by the lesser of 40 or the number of hours the employee was regularly scheduled to work each week at the time of his/her termination.*
 11. The term "regularly scheduled" will mean the actual average number of hours the employee worked over the last six-month period, but does not include overtime or any other non-salary payments.
 12. An employee's benefits under this procedure will be calculated from the employee's most recent date of hire or re-hire, as applicable, for the most current position they occupy without regard to any prior service with PPH before the most recent date of hire or re-hire, as applicable.
 - a. No years of service will be credited in any part of a year of service (any 12-month continuous period from the original date of hire) of which the employee was working in a per diem, casual or temporary classification.
 13. To receive severance pay, the employee must sign a general release prepared by PPH waiving all claims against PPH.

IV. ADDENDUM:

V. DOCUMENT / PUBLICATION HISTORY: (template)

Revision Number	Effective Date	Document Owner at Publication	Description
(this version) 4	01/21/2009	Brenda Turner, Chief Human Resource Officer	To include severance provisions for Compliance Officer and Internal Auditor. Also includes position of "Manager" and clarifies that this

264
1/21/2009

			procedure does not apply to employees covered by a Collective Bargaining Agreement.
(Changes) 3	07/10/2007	Brenda Turner, Chief Human Resource Officer	Document review for revisions to reflect current practice. 7/07 - removed reference to payment in single lump sum to provide more flexibility.
(Changes) 2	03/01/2005	Brenda Turner, Chief Human Resource Officer	2/05 Revised to be consistent with wording in union contracts. Also indicates a general release is required when accepting severance pay.
(Changes) 1	04/15/2002	Gilbert Taylor, SVP	Specific changes in: III. Text/Standards...D. 5. additional verbiage added; 6. deleted; 10. additional verbiage added; 12. New addition. Revised: 2/02

Authorized Promulgating Officers: (01/21/2009) Brenda Turner, Chief Human Resource Officer

VI. CROSS-REFERENCE DOCUMENTS:(template)

Reference Type	Title	Notes
Source Documents	Total Compensation	
JCAHO CAMH Standard	Management of Human Resources	

*Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at .
<http://www.lucidoc.com/cgi/doc-gw.pl?ref=pphealth:11541>*

Informational: Position Reorganization

TO: PPH Board of Directors

MEETING DATE: February 9, 2009

FROM: Human Resources Committee: January 21, 2009

Background: Nursing has been reorganized with fewer leadership positions resulting in a cost savings. These changes are in addition to the changes/layoffs made across PPH at the beginning of the fiscal year. Information on these changes and the resulting cost savings will be presented at the meeting.

Budget Impact:

Staff Recommendation:

L. Shoemaker and B. Turner presented the HR Board Committee with financial data relative to the changes proposed in the previous lay-offs vs. actual savings.

Committee Questions/Suggestions/Requests:

B. Turner shared information on cost savings across the system as a result of the positions cut during the lay offs in July.

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Informational: Quarterly HR Report

TO: PPH Board of Directors

MEETING DATE: February 9, 2009

FROM: Human Resources Committee: January 21, 2009

BACKGROUND: The quarterly report has been modified to represent key measures in four categories. These four categories are reflective of the various components of workforce planning. Each for the categories (Get Them, Keep Them, Grow Them and Support Them) will have 3-4 key metrics to be used as benchmarks.

1. Get them:
 - Increase in the number of applications
 - Increase in the number of new hires
 - Decrease in the days to fill
2. Keep them:
 - Employee Engagement Survey – “Do I have the tools and equipment to do my job?”
 - Turnover for all of PPH
 - Turnover of RNs
 - Retention rates
 - Retention of high performers
 - Retention of low performers
 - Terminated employees by reason
3. Grow them:
 - Employee Engagement Survey – “Do I have an opportunity to learn and grow in my current position?”
 - Number of internal transfers
 - Hours of education
4. Support them:
 - Overall Employee Engagement Survey
 - Benefits, Payroll, Registry Staff as a percentage of operating costs

BUDGET IMPACT: Not Applicable

STAFF RECOMMENDATION:

COMMITTEE QUESTIONS:

Informational: Quarterly HR Report

- N. Bassett requested an update on how the passport to wellness is doing. B. Turner will report back after the results are tabulated at the end of one year's time.
- T. Kleiter requested the cut off dates be included in the next presentation.
- N. Bassett requested turnover rates be included in the quarterly report until a consistency in tracking is established.
- T. Kleiter requested a comparison of Southern California results as compared to San Diego results.
- N. Bassett asked how the number of terminations was tied to hours/shift/conditions. Response: This is due to union contract requirements.

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

HR METRICS

January 2009

KEY INITIATIVE FOCUS

- Get Them
- Keep Them
- Grow Them
- Support Them

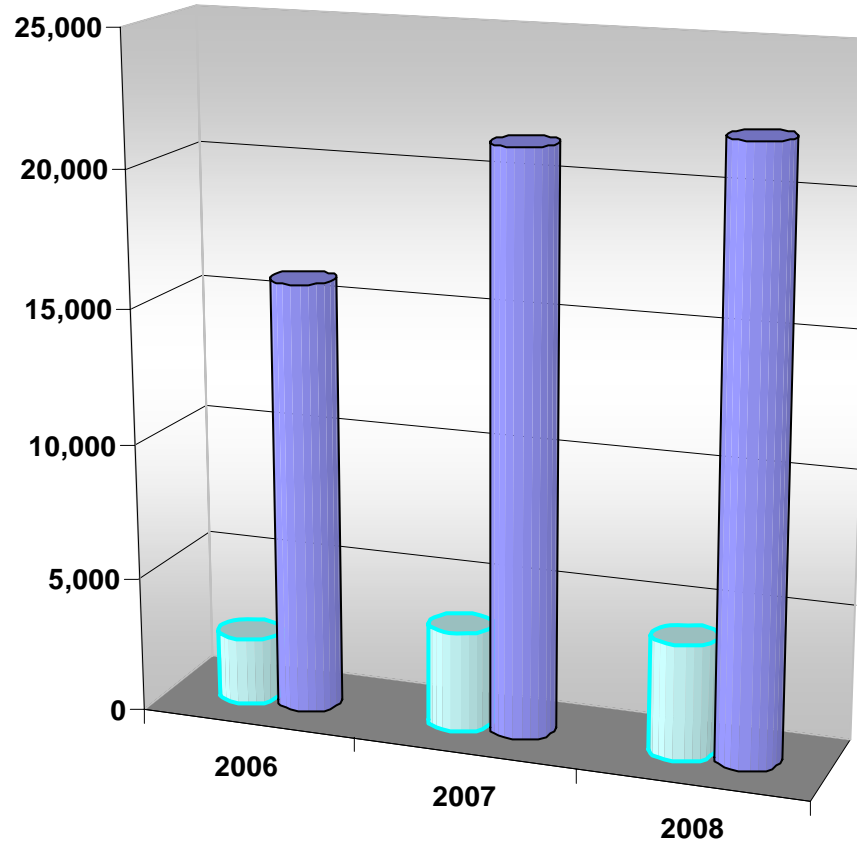
GET THEM

- Develop a strategy to increase flexibility in recruitment
- Hire 100 new RN graduates
- Streamline hiring and transfer processes

Number of Applications

Reported by Calendar Year Annually

* Includes All Employee Status'

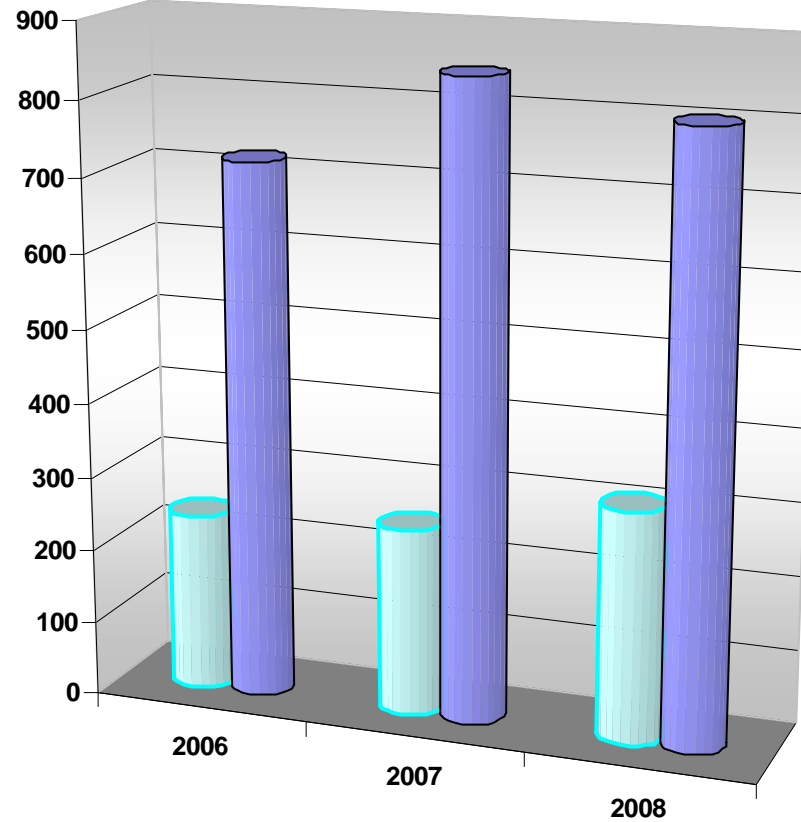


	2006	2007	2008
RN	2,428	3,684	4,271
Total	15,946	21,337	22,085

Number of New Hires

Reported by Calendar Year Annually

* Includes All Employee Status'

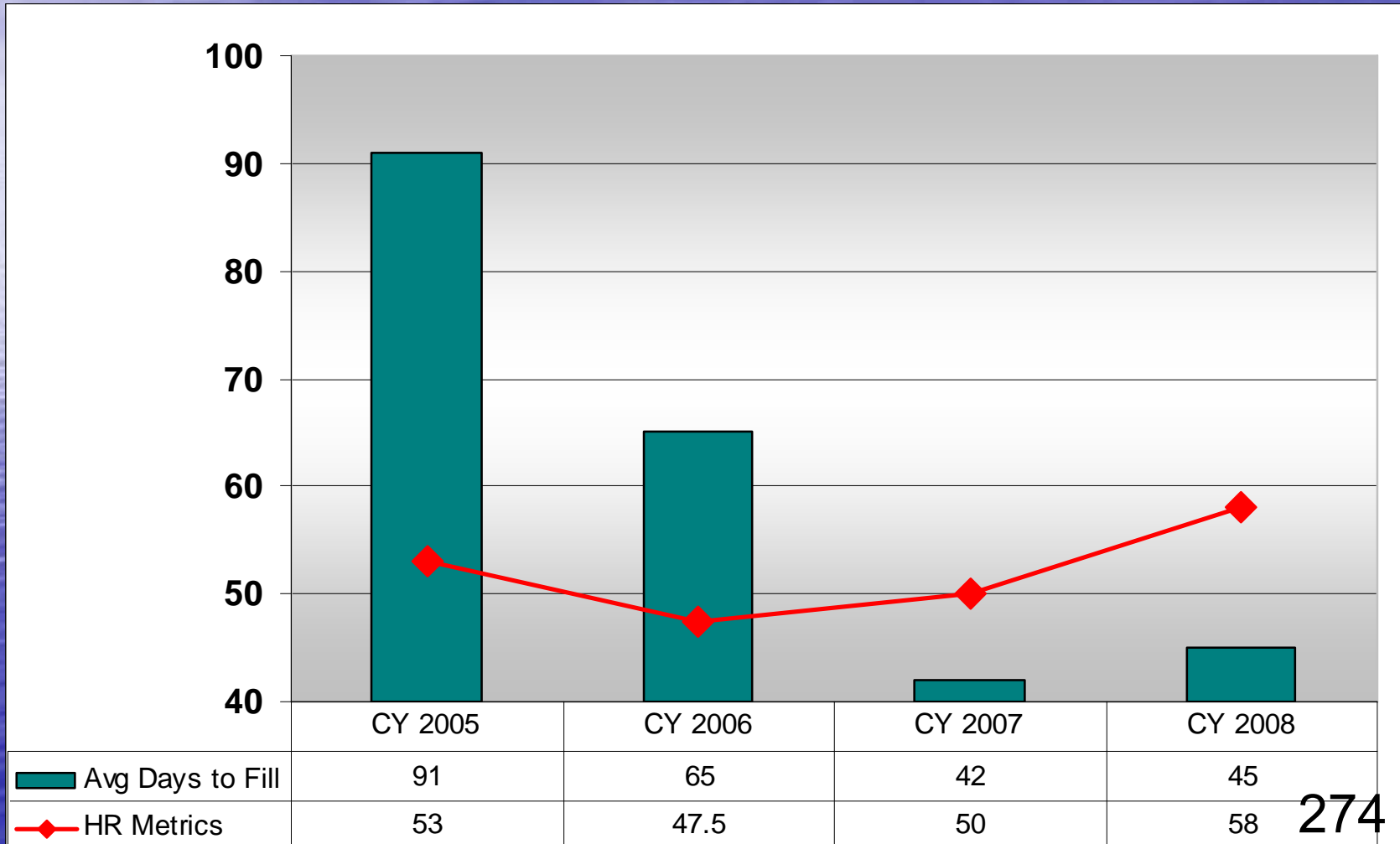


	2006	2007	2008
■ RN	240	254	312
■ Total	721	848	803

Days to Fill Open Positions

Reported by Calendar Year Annually

** Includes All Status Requisitions*

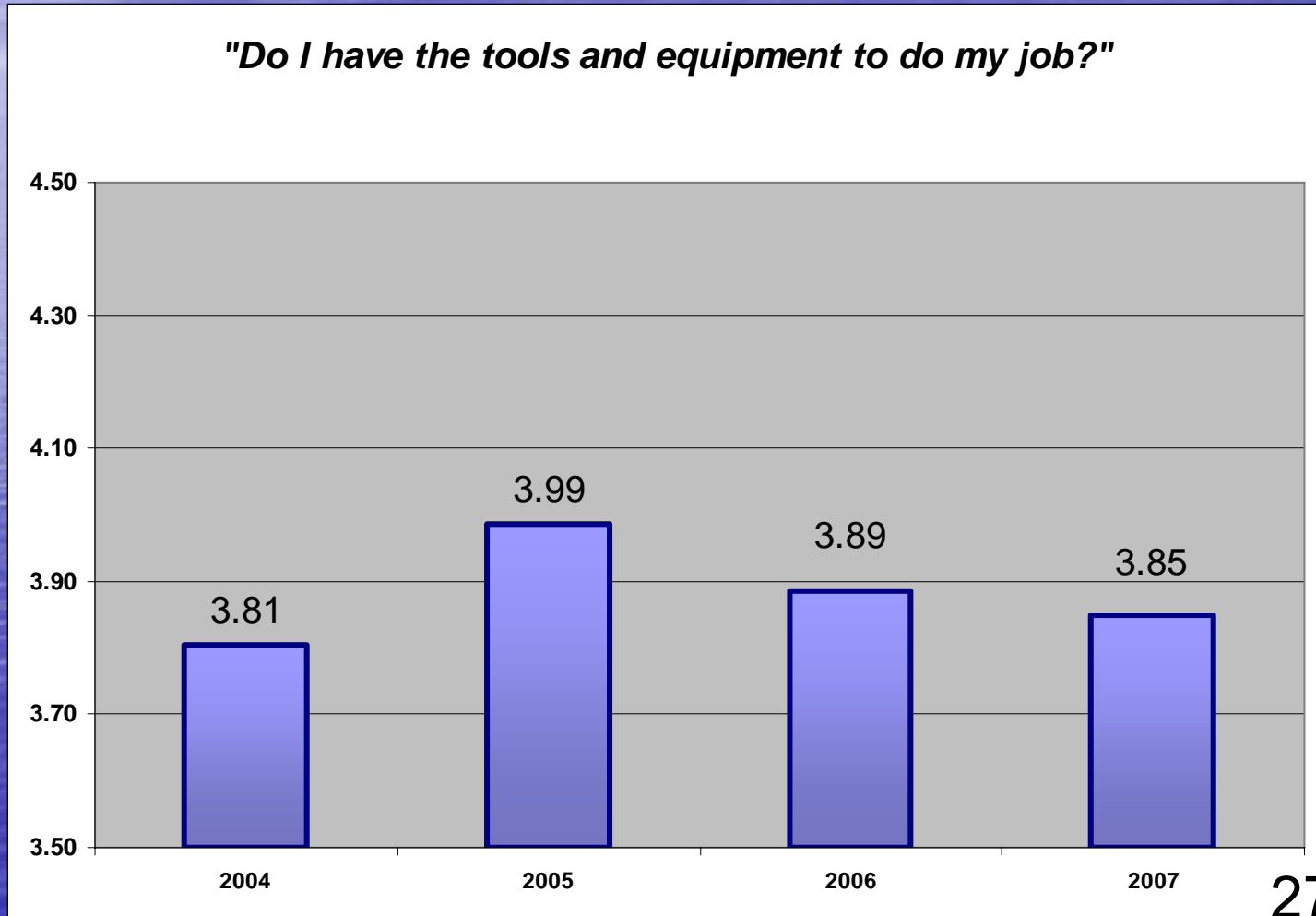


KEEP THEM

- Develop a benefit plan strategy to enhance benefits with little/no additional cost
- Implement Passport to Safety, Health and Wellness
- Develop and implement a transportation strategy
- On-line benefit enrollment for new hires and status changes
- Implement a re-designed management orientation

Employee Engagement Survey

* Includes All Employee Status'

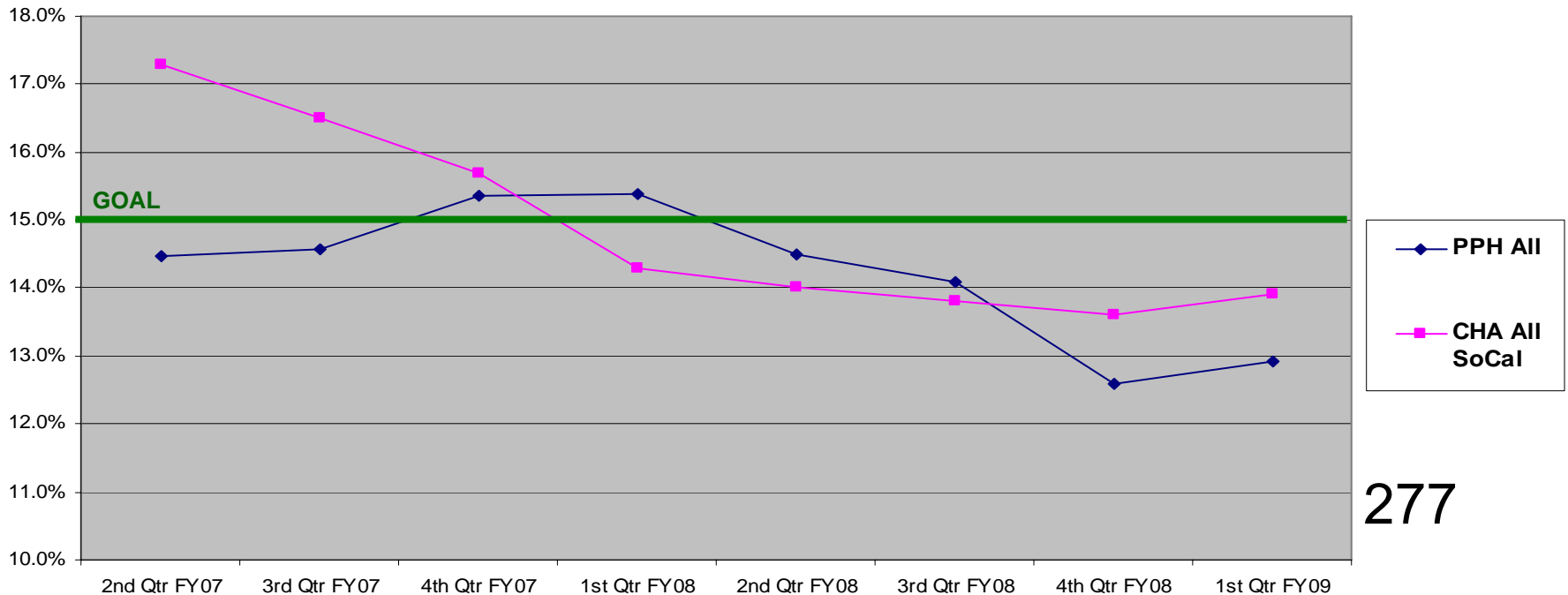


Turnover for PPH All vs. CHA All

Turnover	PPH All	CHA All SoCal	Annualized Turnover		
			PPH All	PPH RN Goal	CHA All SoCal
2nd Qtr FY07	3.6%	3.6%	14.5%	15.0%	17.3%
3rd Qtr FY07	3.8%	3.4%	14.6%	15.0%	16.5%
4th Qtr FY07	4.0%	3.8%	15.4%	15.0%	15.7%
1st Qtr FY08	3.9%	3.5%	15.4%	15.0%	14.3%
2nd Qtr FY08	2.7%	3.3%	14.5%	15.0%	14.0%
3rd Qtr FY08	3.4%	3.2%	14.1%	15.0%	13.8%
4th Qtr FY08	2.5%	3.6%	12.6%	15.0%	13.6%
1st Qtr FY09	4.3%	3.8%	12.9%	15.0%	13.9%

* Excludes Per Diem Status
 * Rolling 12 Months Reported Quarterly
 * Includes both Voluntary and Involuntary

**Annualized Turnover Rates
 PPH vs. CHA Social & CHA San Diego
 Non Per Diem**

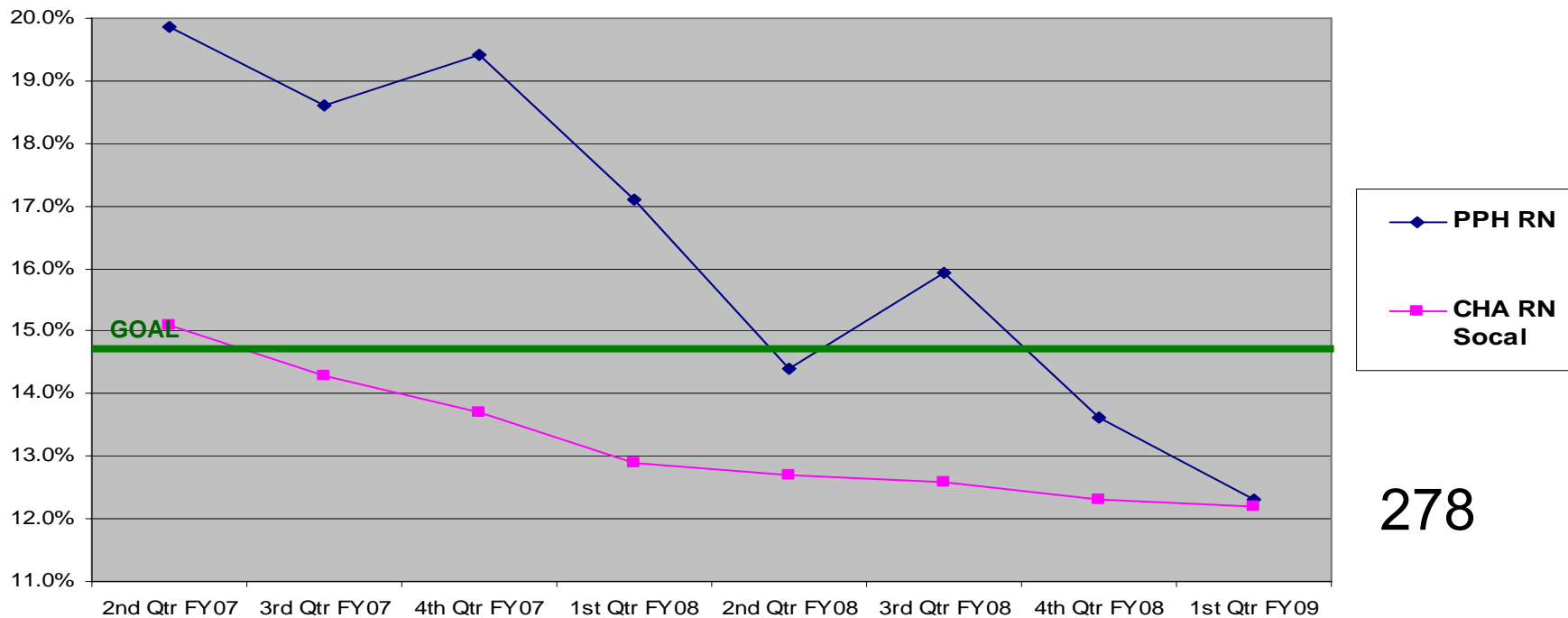


Turnover for PPH RN vs. CHA RN

Turnover	PPH RN	CHA RN SoCal	Annualized Turnover		
			PPH RN	PPH RN Goal	CHA RN SoCal
2nd Qtr FY07	5.2%	3.5%	19.9%	14.4%	15.1%
3rd Qtr FY07	2.8%	2.8%	18.6%	14.4%	14.3%
4th Qtr FY07	5.0%	3.2%	19.4%	14.4%	13.7%
1st Qtr FY08	4.1%	3.4%	17.1%	14.4%	12.9%
2nd Qtr FY08	2.5%	3.3%	14.4%	14.4%	12.7%
3rd Qtr FY08	4.3%	2.7%	15.9%	14.4%	12.6%
4th Qtr FY08	2.7%	2.9%	13.6%	14.4%	12.3%
1st Qtr FY09	2.8%	3.3%	12.3%	14.4%	12.2%

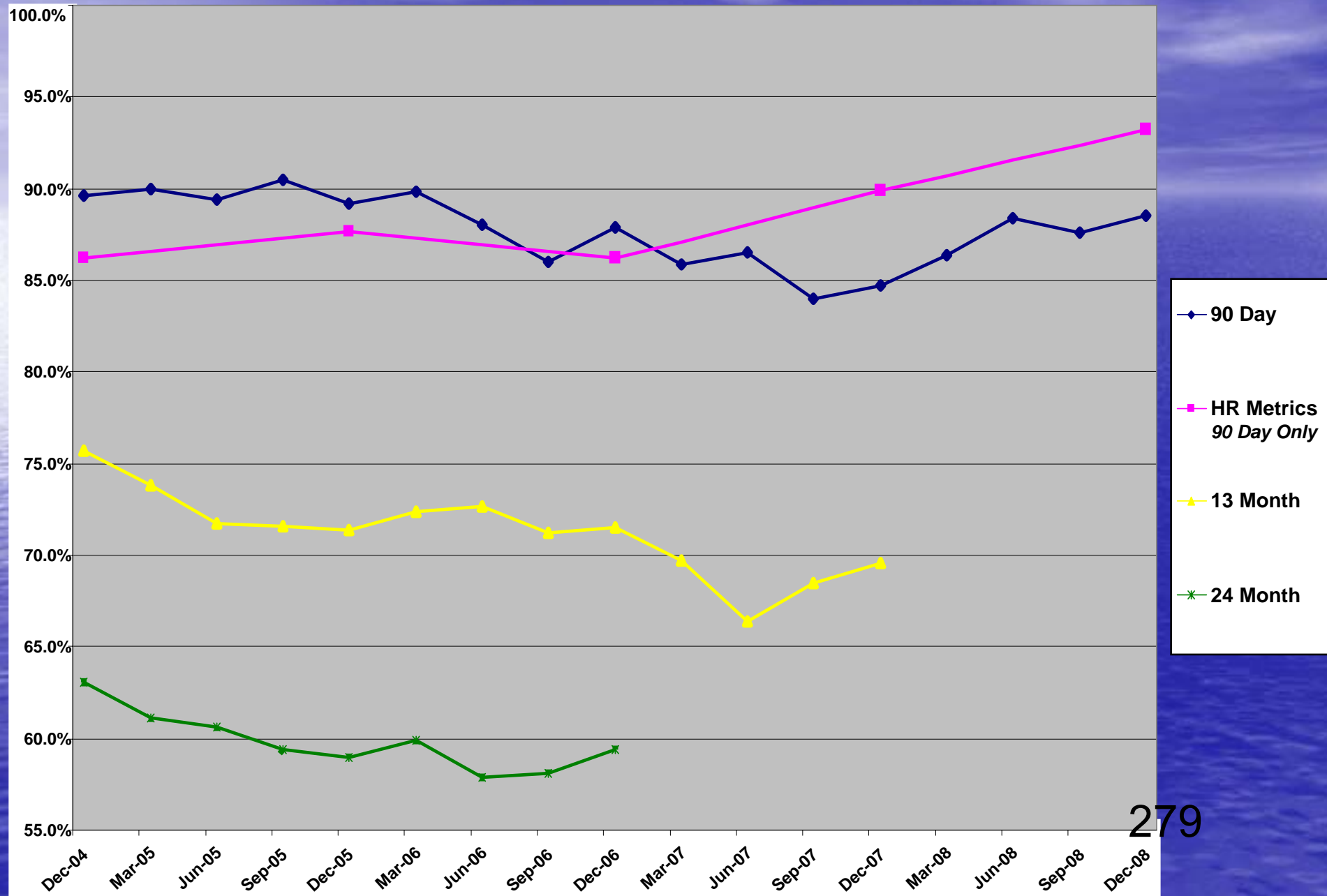
* Excludes Per Diem Status
 * Rolling 12 Months Reported Quarterly
 * Includes both Voluntary and Involuntary

Annualized Turnover Rates
PPH RN (Direct Patient Care) vs. CHA Social & CHA San Diego



Retention

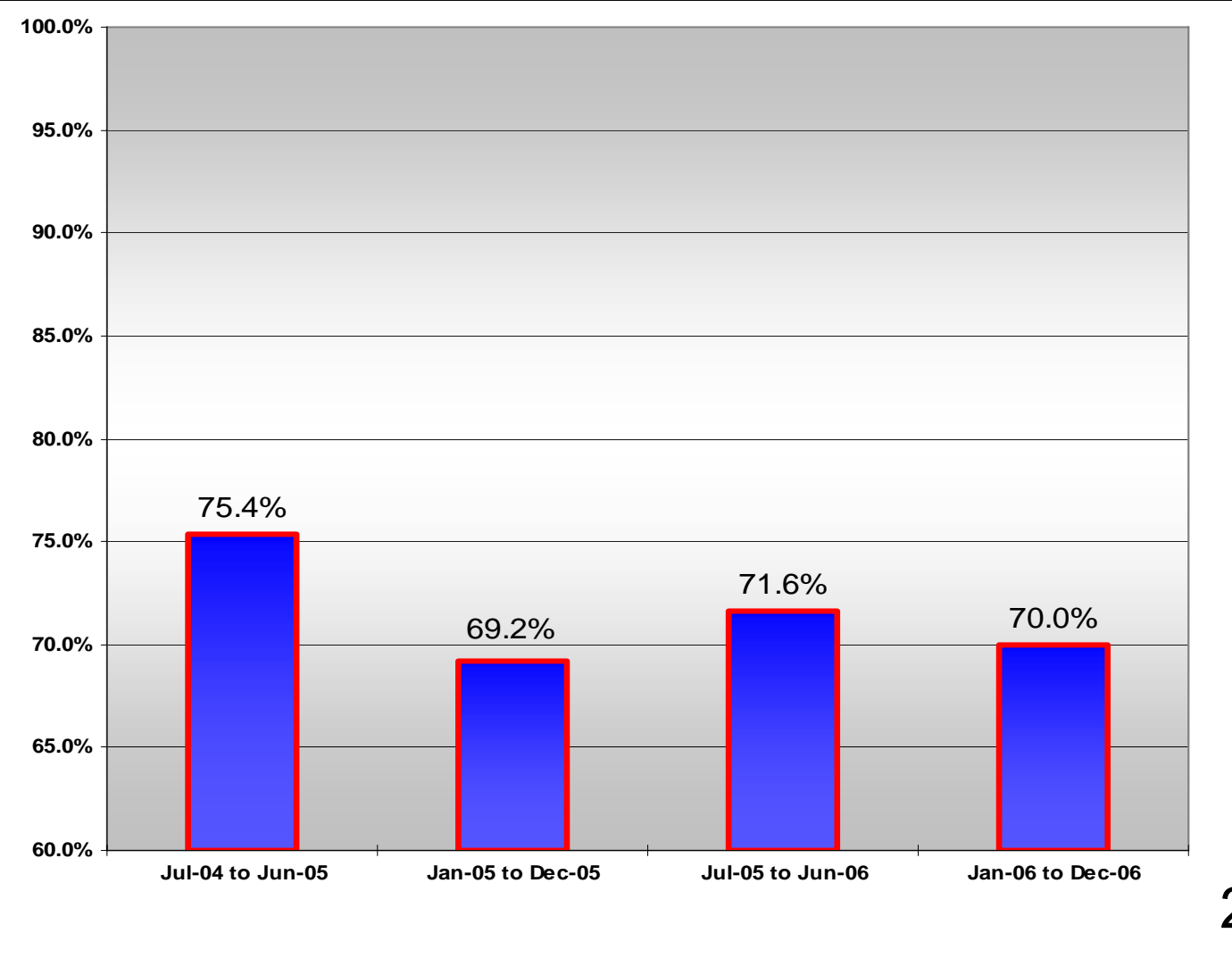
* Excludes Per Diem Status



Hires Retained for 24-months with a HIGH Performance Rating

Bi-Annual 12 Month Period

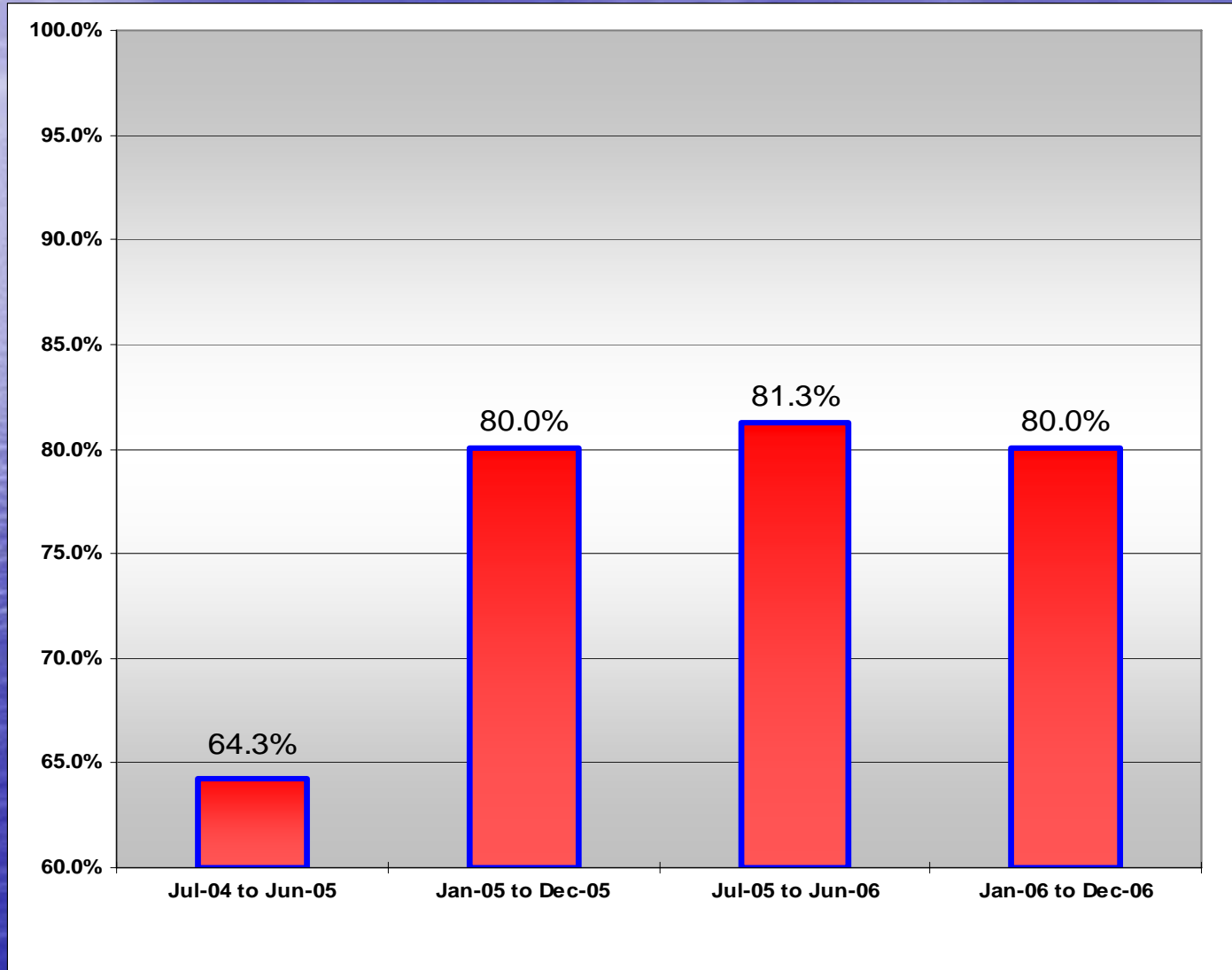
** Excludes Per Diem Status*



Hires Terminated within 24-months with a LOW Performance Rating

Bi-Annual 12 Month Period

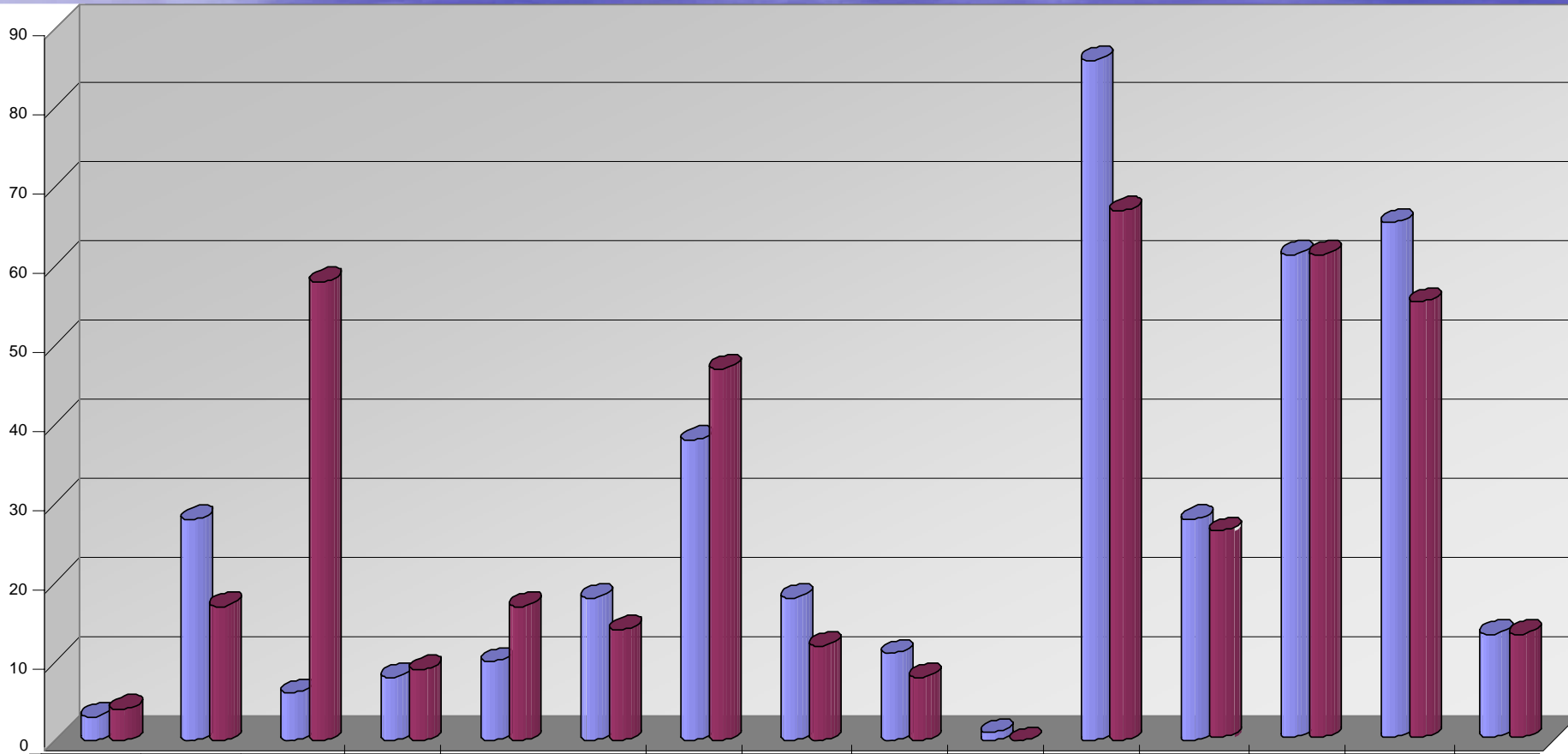
** Excludes Per Diem Status*



Terminated Employees by Reason

Calendar Year 2007 & 2008 Totals

* Excludes Per Diem Status



Involuntary

Voluntary

	Absenteeism	Failed Intro Period	Layoff / Position Elim	Non-Perf Related	Performance Conduct	Comp	Hrs/Shift/ Conditions	Job Abandonment	LOA-Related	Mgmt-Related	Other	Other Job	Personal / Family	Relocation	Retire
■ 2007	3	28	6	8	10	18	38	18	11	1	86	28	61	65	13
■ 2008	4	17	58	9	17	14	47	12	8	0	67	26	61	55	13

282

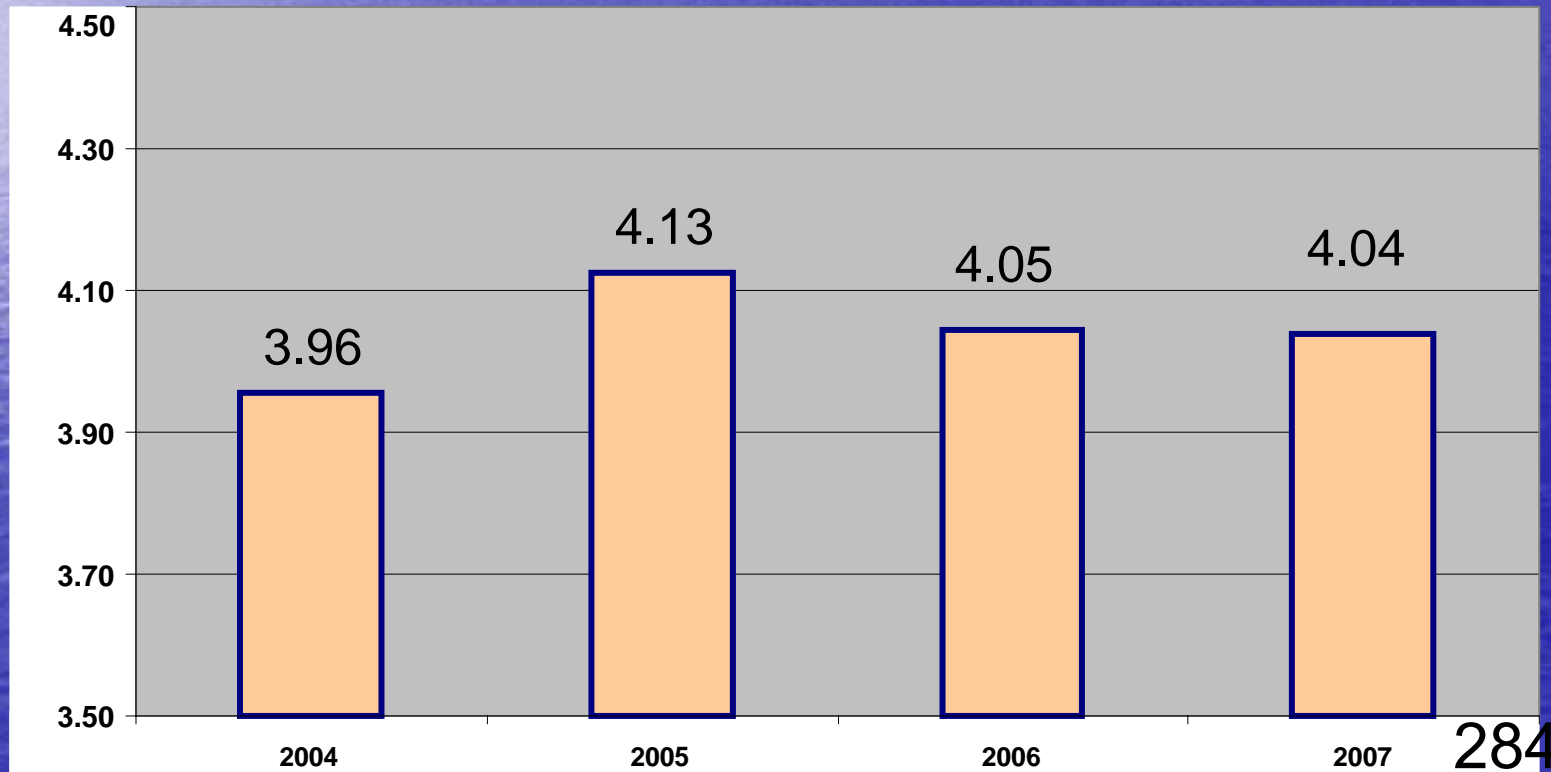
GROW THEM

- Improve education efforts (required training for educators, education council)
- Increase computer skills of staff
- Improve Medical Library
- Develop and implement a succession plan
- Re-design Management 101
- Implement new program of leadership development
- Develop management skills in employee relations

Employee Engagement Survey

* Includes All Employee Status'

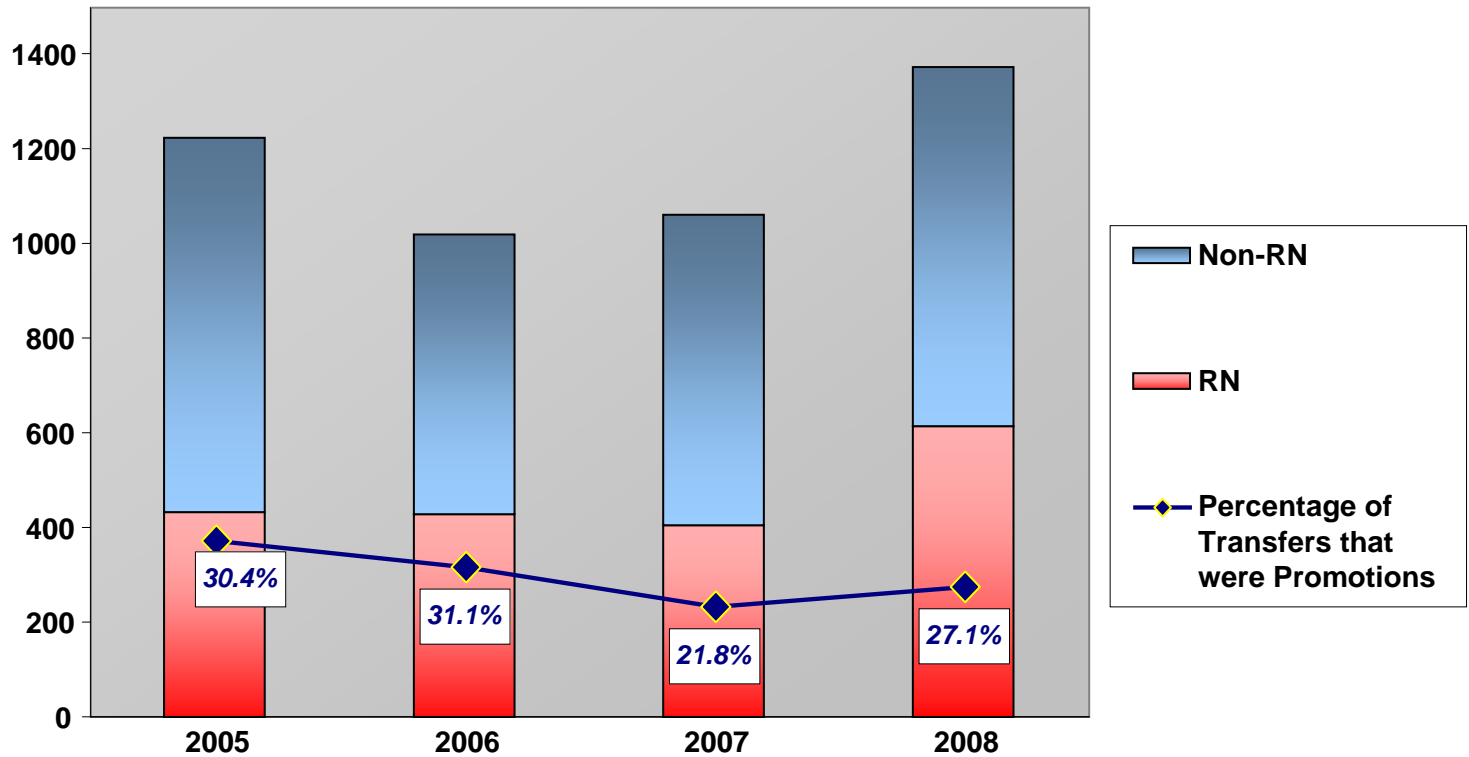
"Do I have an opportunity to learn and grow in my current position?"



Number of Internal Transfers

Reported by Calendar Year Annually

** Includes All Employee Status**



Non-RN

792

591

658

762

RN

435

427

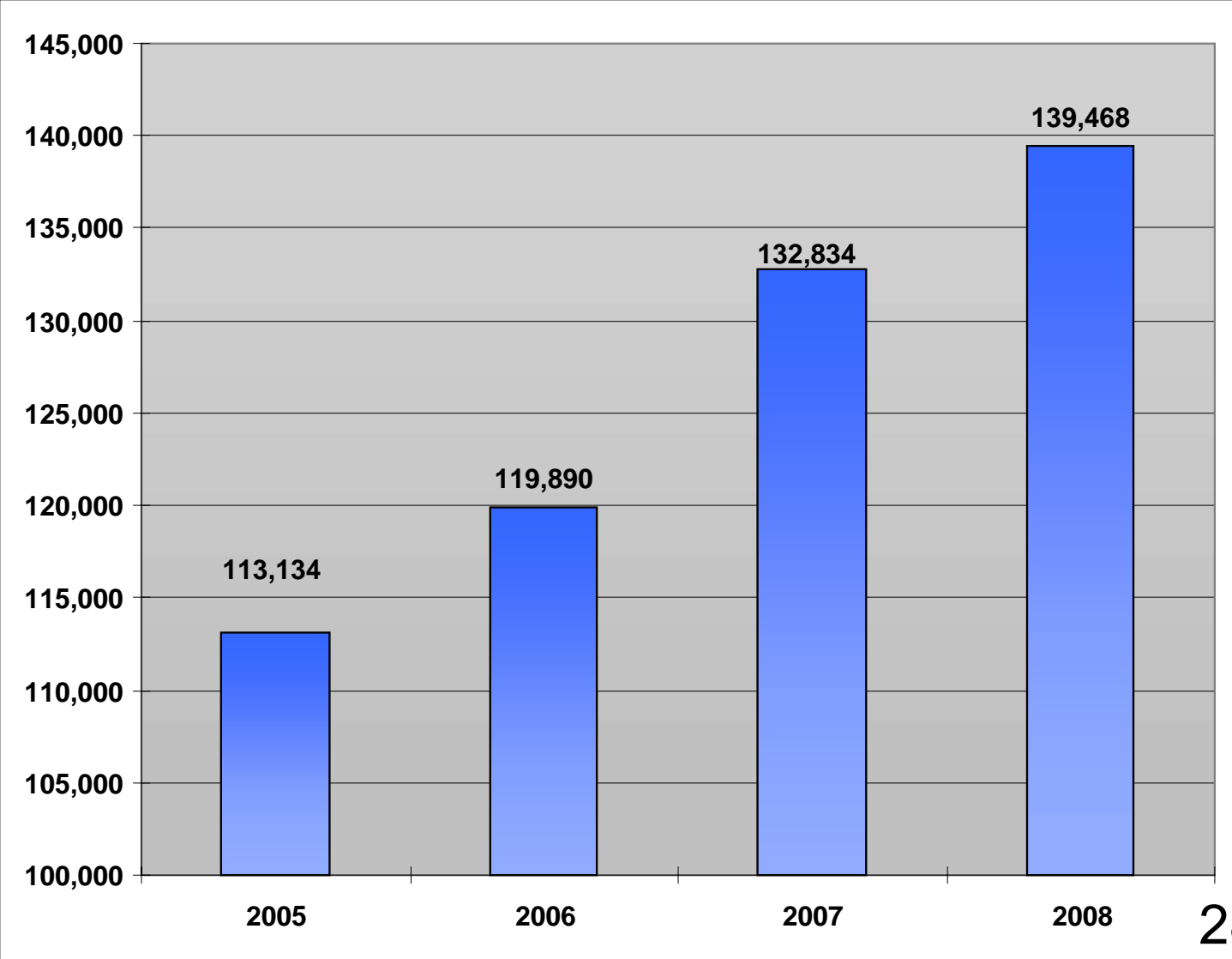
404

613

Hours of Education

Reported by Calendar Year Annually

** Includes All Employee Status**



SUPPORT THEM

- Create/implement employee engagement survey in-house
- Increase staff satisfaction with goal of being “the best place to work”
- Implement operational tracers in HR
- Consolidate HR services
- Grow AHA center to include corporate clients and other sources of income

Employee Engagement Survey

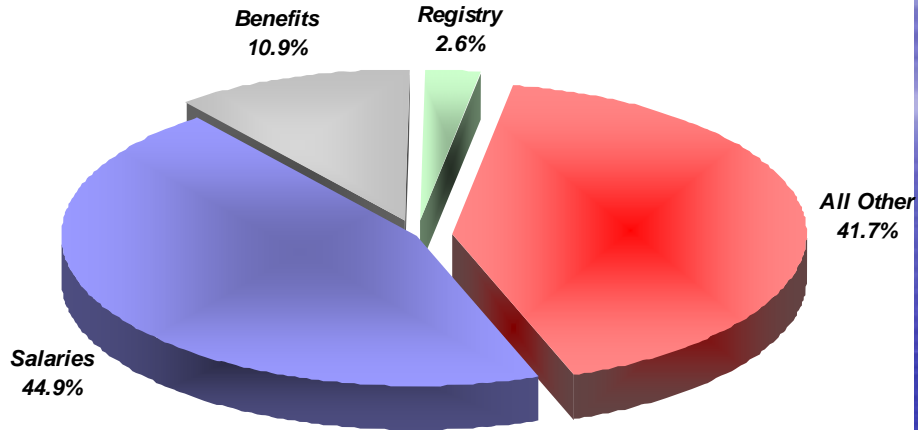
* Includes All Employee Status'



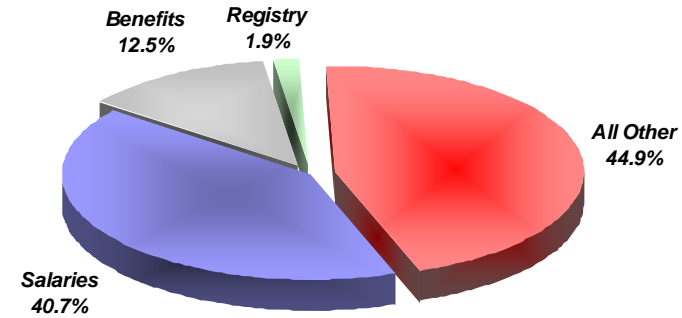
Benefits, Payroll and Registry Staff as a Percentage of Operating Costs

Fiscal Year 2008 thru Fiscal Year 2009

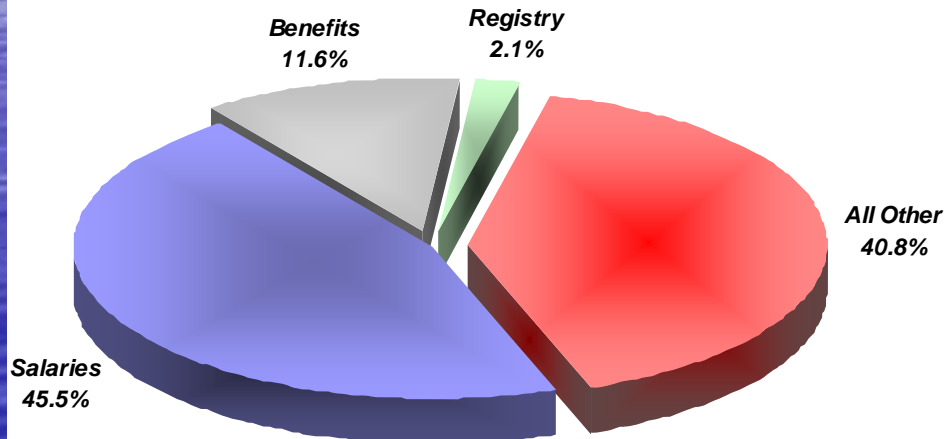
PPH FY08 (Jul'07-Jun'08)



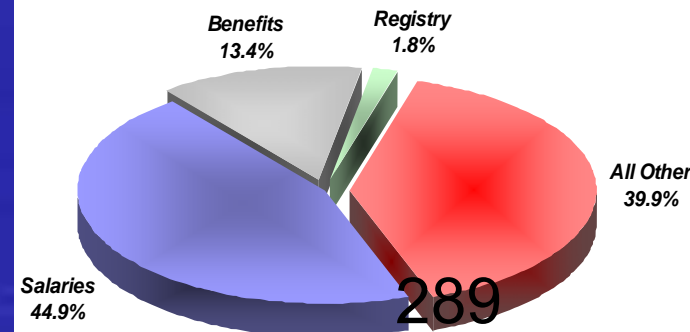
HR Metrics FY08 (2007 Report)



PPH FY 09 (Jul'08-Dec'08)



HR Metrics FY09 (2008 Report)



Informational: Rewards and Recognition Programs

TO: PPH Board of Directors

MEETING DATE: February 9, 2009

FROM: Human Resources Committee: January 21, 2009

BACKGROUND: At the request of the Human Resources Committee members, Brenda Turner reviewed current PPH rewards and recognitions programs.

Programs include: Cause for Applause, Caring Hands, Leader in Action, Health Care Week, Nursing Week, Service Awards, Holiday celebrations in December, Attendance Lottery, Key Ideas, Thank You note cards written by leaders to employees, monthly birthday celebrations, PPH Intranet with discount tickets, PPH Shop and Share that offers items with the PPH logo (5% of proceeds go to the Foundation), and departmental celebrations (Lab week, rehab week, etc)

BUDGET IMPACT: Not Applicable

STAFF RECOMMENDATION:

COMMITTEE QUESTIONS:

Director Bassett requested the presentation be included in the Board packet. PowerPoint presentation will also be copied to the Board HR Committee folder on the Leadership drive.

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

REWARDS AND RECOGNITION PROGRAM OVERVIEW

2009

PALOMAR
POMERADO
HEALTH

SPECIALIZING IN YOU

291

CAUSE FOR APPLAUSE

Peer to peer recognition

Employees receive:

- Original Cause for Applause card
- Thank you from CEO
- Pin

Annual recognition lunch with EMT

CAUSE FOR APPLAUSE - TEAM

Teamwork within or across departments

Teams receive:

- Letter from CEO
- Certificate
- Seal for display

Pizza party for team most recognized

CARING HANDS

Awarded for outstanding customer service

Employee receives:

- Awarded at monthly leadership meetings
- Movie tickets
- Visa card for \$50
- Pin
- Stories publicized

LEADER IN ACTION

Demonstrates outstanding leadership

Leader receives:

- Desk clock/pen set
- Certificate
- Check for \$500

Awarded quarterly at leadership meeting

HEALTHCARE WEEK

Celebration for all employees

Employees receive:

- Free meal served by leadership
- Gift
- Week long celebrations that may include ice cream socials, morning bagels, etc.

NURSING WEEK

Celebration of Nurses

Nurses receive:

- Individual gift
- Nurse of the Year (chosen by PPC)
 - Nominees invited to a lunch with CNE
- Basket day
- Department celebrations

SERVICE AWARDS

Celebrating 3, 5, 10, 15, 20... years

Employees receive:

- Pin in anniversary month
- Annual lunch/dinner invitation
- Certificate and gift catalog

HOLIDAY CELEBRATIONS

Held during December holidays

Employees receive:

- Free meal served by leadership
- Visa gift card for \$25
- Department holiday celebrations

ATTENDANCE LOTTERY

Drawing eligibility: No unscheduled absences in the quarter

- Drawing at quarterly leadership meetings
- Eight (8) employees awarded per quarter
- Receive \$100 gift certificates

KEY IDEAS

Content

THANK YOU

- PPH provides blank cards
- Leaders write thank you's
- Cards mailed to homes

PPH INTRANET

- Discounts to movies and attractions across the county
 - Tickets at Work
- Discounts from local vendors
- Purchase logo wear through PPH Shop and Share
 - 5% of sales donated to Foundation

Headline

Content

Headline

Content

Board Finance Committee Meeting Schedule Calendar Year 2009

TO: Board of Directors

MEETING DATE: Monday, February 9, 2009

FROM: Board Finance Committee
Tuesday, January 27, 2009

BY: Bob Hemker, CFO

Background: Based on key financial dates regarding the monthly closing of financial results, as well as the calendars of the Board members on the Committee, Board Finance Committee meetings for the 2008 calendar year were held during the last week of the month.

At the Board Finance Committee meeting, continuation of the prior year's schedule was discussed, with the following exceptions/additions:

- The meetings for the months of November & December to be held in a combined meeting on the second Tuesday in December;
- The addition of a Joint Board/Finance Committee Budget Workshop (held as a Special Board meeting) during the month of June; and,
- The addition of a Joint Board Quality Review/Finance Committee meeting (held as a Special Board meeting) as the meeting for the month of July.

A preliminary schedule, based upon historical practice—with all meetings to be held in the Conference Room on the First Floor of the Corporate Office Building on Grand Avenue in Escondido—was discussed at the meeting.

Budget Impact: N/A

Staff Recommendation: Meeting schedule as per discussion at meeting and resulting Board Finance Committee consensus.

Committee Questions: The Committee requested that those meetings to be scheduled as Special Board meetings be relocated either to Palomar Medical Center or to Pomerado Hospital, with location to be determined based on availability. The attached schedule reflects that action, with the location of the Board Budget Workshop to be determined once a date has been established.

COMMITTEE RECOMMENDATION: The attached revised schedule was approved by the Board Finance Committee and is submitted to the Board as Information.

Motion:

Individual Action:

Information: X

Required Time:

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PALOMAR POMERADO HEALTH BOARD FINANCE COMMITTEE MEETING SCHEDULE CALENDAR YEAR 2009

LAST Tuesday of every month¹

Meeting start time is 6:00 p.m. for all meetings, preceded by dinner² at 5:30 p.m.

<u>DATE</u>		<u>LOCATION OF MEETING</u>
Tuesday January 27, 2009	Joint Finance & Quality Review Meeting HELD AS SPECIAL BOARD MEETING	Corporate Offices ³ Conference Room
Tuesday February 24, 2009		Corporate Offices Conference Room
Tuesday March 31, 2009		Corporate Offices Conference Room
Tuesday April 28, 2009		Corporate Offices Conference Room
Tuesday May 26, 2009		Corporate Offices Conference Room
TBA June 2009	Budget Workshop & Board Meeting Full Board Attendance	Corporate Offices Conference Room
Tuesday June 30, 2009		Corporate Offices Conference Room
Tuesday July 28, 2009	Joint Finance & Quality Review Meeting HELD AS SPECIAL BOARD MEETING	Graybill Auditorium Palomar Medical Center
Tuesday August 25, 2009		Corporate Offices Conference Room
Tuesday September 29, 2009		Corporate Offices Conference Room
Tuesday October 27, 2009		Corporate Offices Conference Room
Tuesday December 8, 2009		Corporate Offices Conference Room

¹ Exceptions/additions noted in red

² Dinner will be catered

³ First Floor, 456 E. Grand Avenue, Escondido, California

PPH Campus/Clinical Outreach/Marketing Update

TO: PPH Board of Directors

MEETING DATE: February 9, 2009

FROM: Community Relations Committee on January 21, 2009

BACKGROUND: Tami Weigold and Ann Koencke provided an update on the PPH Campuses, Clinical Outreach Services and Marketing.

BUDGET IMPACT: None

STAFF RECOMMENDATION: For information purposes only

COMMITTEE RECOMMENDATION:

Information: X

CRM Update

TO: PPH Board of Directors

MEETING DATE: February 9, 2009

FROM: Community Relations Committee on January 21, 2009

BACKGROUND: Brian Irby, CPM Marketing Group, presented an update on Customer Relationship Management (CRM).

BUDGET IMPACT: None

STAFF RECOMMENDATION: For information purposes only

COMMITTEE RECOMMENDATION:

Information: X

Web Strategy

TO: PPH Board of Directors

MEETING DATE: February 9, 2009

FROM: Community Relations Committee on January 21, 2009

BACKGROUND: Nina Kim presented an update on the PPH Website and PPH web strategies for 2008 - 2009.

BUDGET IMPACT: None

STAFF RECOMMENDATION: For information purposes only

COMMITTEE RECOMMENDATION:

Information: X

Branding

TO: PPH Board of Directors

MEETING DATE: February 9, 2009

FROM: Community Relations Committee on January 21, 2009

BACKGROUND: Gustavo Friederichsen and Brian Lorenz, AStone Lorenz Advertising Agency, presented an update on PPH branding and research which will be conducted by Luth Research

BUDGET IMPACT: None

STAFF RECOMMENDATION: For information purposes only

COMMITTEE RECOMMENDATION:

Information: X

Research

TO: PPH Board of Directors

MEETING DATE: February 9, 2009

FROM: Community Relations Committee on January 21, 2009

BACKGROUND: Gustavo Friederichsen and Brian Lorenz, AStone Lorenz Advertising Agency, presented an update on PPH branding and research which will be conducted by Luth Research

BUDGET IMPACT: None

STAFF RECOMMENDATION: For information purposes only

COMMITTEE RECOMMENDATION:

Information: X

HealthSource

TO: PPH Board of Directors

MEETING DATE: February 9, 2009

FROM: Community Relations Committee on January 21, 2009

BACKGROUND: Tammy Chung provided an overview of the Palomar Pomerado HealthSource Call Center, Classes/Events, PPH Physician Referral Service, and HealthSource/BabySource Magazine. Mary Coalson reported on the HealthSource classes offered through the OASIS, PPH Speakers Bureau, PPH events/support groups and Street/Health Fair involvement. Cathy Blazek provided a report on the 2008 Immunization Clinics.

BUDGET IMPACT: None

STAFF RECOMMENDATION: For information purposes only

COMMITTEE RECOMMENDATION:

Information: **X**

Community Action Councils

TO: PPH Board of Directors

MEETING DATE: February 9, 2009

FROM: Community Relations Committee on January 21, 2009

BACKGROUND: Kay Stuckhardt provided an overview of the four PPH Community Action Councils. (Poway/Rancho Bernardo/Rancho Penasquitos; San Marcos; Escondido; Ramona/Julian/Warner Springs)

BUDGET IMPACT: None

STAFF RECOMMENDATION: For information purposes only

COMMITTEE RECOMMENDATION:

Information: X

Media Update

TO: PPH Board of Directors

MEETING DATE: February 9, 2009

FROM: Community Relations Committee on January 21, 2009

BACKGROUND: Andy Hoang provided a detailed Annual Media Report (CY 2008) entitled “Measuring Success”. This report included Print Coverage Column Inches and Media Value.

Print Coverage Totals CY 2008
8,818 Total Column Inches
\$973,828.33 Media Value

BUDGET IMPACT: None

STAFF RECOMMENDATION: For information purposes only

COMMITTEE RECOMMENDATION:

Information: X

From: Daniel Ellis <danielellis2020healthcare@gmail.com>
To: lcgreer@att.net
Subject: Best Practices
Date: Thu, 22 Jan 2009 21:36:00 +0000

Dear Mrs. Greer. Thank you for your phone message regarding best practices for healthcare governance. As you may recall, I serve the US' largest healthcare systems in such regards, and am a frequent presenter at national conferences of healthcare executives.

There are some specific reasons for significant systems to have vice presidents (instead of managers or directors) leading audit, compliance, and legal affairs. Rationale includes the following:

1. Credibility with executives is needed in order to be effective. Managers generally cannot achieve this since they are not perceived as peers.
2. Managers and directors lack sufficient know how to be effective. While they might be good at leading certain types of projects, greater sophistication and strategic thinking is needed to mitigate the complex risks in healthcare.
3. Effective leaders cannot be recruited without a title of vice president. Such top notch professionals are in short supply and market conditions require a vice presidency.
4. High caliber auditors (vice presidents) can pay for themselves by recommendations that reduce revenue leakage, cut expenses, and streamline routines.

As a side note, I have been informed of PPH's expansion plans. Such plans are coupled with the need to protect goodwill with philanthropists. I.e., adverse headlines or lack of confidence could cause significant donors to shift their gifts elsewhere. Conclusion: Protection of goodwill may be an investment necessary to ensure strategic success. This should start with a high powered and comprehensive risk assessment of the entire entity-- not merely finance.

I am committed to PPH's success. So, please do not hesitate to call if I can be of additional assistance to PPH.

--

With my best regards,

Daniel Ellis
President, 2020 Healthcare Advisory Services, Ltd.
(480) 636-1840
20/20: Clarity - Focus - Vision

Action: Organizational Level of the Compliance Officer and Director of Internal Audit

TO: Board of Directors, February 09, 2009

FROM: Internal Audit and Compliance Committee

BACKGROUND: Daniel Ellis of 20/20 Healthcare provided specific reasons for significant systems to have vice presidents (instead of managers or directors) leading audit, compliance, and legal affairs.

BUDGET IMPACT:

STAFF RECOMMENDATION:

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion: X

Individual Action:

Information:

Required Time:

From: CouncilE@aol.com
To: lgreer@att.net
Subject: Re: No Subject
Date: Sat, 22 Nov 2008 16:01:36 +0000

Here is some basic stuff with more to follow:

The following text is excerpted from the US Sentencing Guidelines, Chapter 9, as revised 11/04

This emphasis on ethics and values is also reflected in recent legislative and regulatory reforms.

Several recent reforms encourage organizations to promote honest and ethical conduct through codes of ethics or business conduct. For example, the Sarbanes-Oxley Act of 2002 encourages companies to adopt "codes of ethics" which include "standards that are reasonably necessary to promote honest and ethical conduct."198

The organizational leadership shall be knowledgeable about the content and operation of the program to prevent and detect violations of law. The organization's governing authority shall be knowledgeable about the content and operation of the program to prevent and detect violations of law and shall exercise reasonable oversight with respect to the implementation and effectiveness of the program to prevent and detect violations of law.

Specific individual(s) within high-level personnel of the organization shall be assigned direct, overall responsibility to ensure the implementation and effectiveness of the program to prevent and detect violations of law. Such individual(s) shall be given adequate resources and authority to carry out such responsibility and shall report on the implementation and effectiveness of the program to prevent and detect violations of law directly to the governing authority or an appropriate subgroup of the governing authority.

Current Audit Risks to PPH

Emerging regulatory concerns include the RAC (Revenue Audit Contractor) risk which requires immediate action to minimize our potential risks, related to Medicare compliance and revenue capture.

Closely related to RAC exposures are other revenue cycle risks involving charge capture, controlled expenses and compliance which include:

- appropriate selection, usage and accurate billing of implantable devices,
- strategic analysis and management of clinical services based on profitability by payer type, physician practice, treatment protocols and contract terms,
- assurance that all inpatient and outpatient coding is accurate and feedback mechanisms are in place to provide corrections of practices and processes. This includes the timely and effective implementation of the Clinical Documentation Initiative.

Construction expenditures, contracts and oversight continue to be a critical issue, especially given added economic challenges and potential for changes to the master plan.

Audit of opportunistic areas which may result in cost recoveries or savings, to include Accounts Payable testing for overpayments/duplicate payments, payments in excess of contractual amounts for supplies, pharmaceuticals, and other.

Highest ranked audit areas from last (2008) risk analysis:

- R5 Case Management(Clinical Resource Management)
- R6 Clinical Orders (Clinical Resource Management)
- R7 Clinical Documentation (Clinical Resource Management)
- R8 Medical Appropriateness (Clinical Resource Management)
- R15 Coding (Health Information Services)
- R20 Payment Posting (Patient Financial Services)
- P24 Quality Resource & Case Management
- OE4 Construction / Renovations
- IS1 Information Systems - general
- IS8 Information / Records Management

Functional Area		Prior Rank
Revenue Cycle		
R1	Patient Scheduling (Patient Access)	4
R2	Payer Authorization (Patient Access)	4
R3	Patient Registration and Admissions (Patient Access)	4
R4	Insurance Verification (Patient Access)	4
R5	Case Management(Clinical Resource Management)	5
R6	Clinical Orders (Clinical Resource Management)	5
R7	Clinical Documentation (Clinical Resource Management)	5
R8	Medical Appropriateness (Clinical Resource Management)	5
R9	Pharmacy Charging	4
R10	Radiology Charging	4
R11	Laborary Charging	4
R12	Charge Master (Decision Support)	4
R13	Fee Schedule	4
R14	Charity Care (Patient Financial Services)	4
R15	Coding (Health Information Services)	5
R16	Claim Development and Submission (Patient Financial Services)	4
R17	Collections and Bad Debts (Patient Financial Services)	4
R18	Credentialing and Licensure (Medical Staff)	4
R19	Credit Balance Management (Patient Financial Services)	4
R20	Payment Posting (Patient Financial Services)	5
R21	Contract Management / Managed Care	2
Patient Care		
P1	Escondido Surgery Center	3
P2	Anesthesia	
P3	Assisted Living	
P4	Behavioral Health	
P5	Cardiology	2
P6	Cath Lab	
P7	Day Treatment	4
P8	Delivery	
P9	Diabetes Health / Clinic	
P10	Emergency Room/Trauma	
P11	Endoscopy	4
P12	Hemodialysis - Renal Dialysis	
P13	Home Healrh Services	
P14	Hospice	4
P15	ICU	
P16	Infection Control	
P17	Laboratory (all)	
P18	Nursery	3
P19	NICU	
P20	Critical Care	3
P21	Intermediate Medical Care (IMC)	3
P22	Pulmonary and Neurodiagnostics	3
P23	Cardiac Rehab Services	2
P24	Quality Resource & Case Management	2
P25	Coronary artery stents	5
P26	Acute Rehab Services	4
		3

Audit Risk Universe

C30	Diagnostic testing in Emergency Dept	3
C31	Coding (ie use of modifiers with national correct coding initiative edits)	4
C32	Outpatient Procedure Coding	4
C33	MDs (ordering) excluded from Medicare	3
C34	Health Development Corp. / Grants	4
C35	Improper claims for clinical trials	4
C36	Safety / Malpractice	2
	Financial Reporting	
F1	Bad Debt Write-Off	
F2	Budgeting & Forecasting	3
F3	Closing the Books	3
F4	Grant Accounting	3
F5	Internal & External Reporting	3
F6	Management Reporting	3
F7	Overhead Allocation	3
F8	Property & Plant	3
F9	Reserve Analysis	3
F10	Asset Management	
F11	Decision Support	
	Treasury	
T1	Cash / Treasury / Investment	
T2	Debt Compliance	
T3	Financial Arrangements	
	Expenditure	
E1	Accounts Payable	3
E2	Fixed Assets	3
E3	Purchasing	3
E4	Vendor Management	3
	Payroll / Human Resources	
HR1	Benefits Plan Administration	
HR2	Compensation	3
HR3	Employee 401(k) or 403(b)	
HR4	Employee Policies	
HR5	Payroll Processing	2
HR6	Performance Excellence	3
HR7	Performance Incentives	
HR8	Recruitng / Hiring / Termination	
HR9	Education / Management Development	2
HR10	Organization Development	3
HR11	Nursing Quality & Education	2
HR12	Worker's Compensation Self Insured Program	2
	Operating Expenses	
OE1	Contract Negotiations	
OE2	Facilities Planning / Development	4
OE3	Plant / Maintenance Services	4
OE4	Construction / Renovations	5
OE5	Liability Accruals / Cut off	
OE6	Supply Chain Services (Material Management / Purchasing / Receiving /	3
OE7	Recalled implant device audit	4
OE8	Travel and Entertainment	
	Information Systems	5

**IA Benchmarking Group
For Healthcare Organizations at least \$1Billion Revenue
Calendar Year 2005**

Number	Organization	Total Revenue	Number of Employees	Number Auditors	Number Hospitals
1	Sentara Healthcare	\$2 Billion	15,000	6.5	7
2	Methodist Healthcare	1.049 bil.	10,400	4	7
3	BJC HealthCare	\$2.6 Billion	25,525	11.5	13
4	Detroit Medical Ctr	1.78B net rev	13,000	11	9
5	Iowa Health System	\$1.6 billion	18,000	8	9
6	Baptist Memorial Healthcare Corporation	1.8 billion	12,000	12	15
7	North Broward Hospital District	\$850 Million	7,500	4	5
8	Provincial Health Services Authority	\$1 Billion	10,000	3	4
9	Deaconess Health System @ 09/30/04	\$322.4 million	2,900	7	4
10	Johns Hopkins Medicine	2.7 Billion	24,593	23	3
11	Oregon Health & Science University	1.2 Billion	11,492	3.1	2
12	Carilion Health System	\$1.5 Billion	9,152	7	8

AHIA Surveys
(Association of Healthcare Internal Auditors)

	Functional		Administrative	
Audit/Finance Committee	51	78%	-	0%
Compliance Officer	2	3%	4	7%
Legal	4	6%	3	5%
CFO	2	3%	19	33%
CEO	4	6%	28	49%
COO	1	2%	2	4%
Other	1	2%	1	2%
	<u>65</u>	<u>100%</u>	<u>57</u>	<u>100%</u>

The following survey indicates:

- Average department size of 5.4 for departments who do not outsource staff
- Average staff size of 2.2 auditors, plus outsourced staff
- 22 % of departments outsource some staff
- About 68% of organizations have separate audit and compliance functions

The second survey of hospitals with revenue over \$1 Billion reveals average audit staff of 7.8

COMPLIANCE Activities Audited by IA (%)			
	Industry	Universe	Observation
GAAP	57%	41%	Greater audit emphasis on GAAP and Company Code of Ethics than Universe. Significantly less audit emphasis on non-financial policies and procedures (operations)
Company Code of Ethics	54%	47%	
Non-financial P&P	37%	59%	
Prevent Illegal Payments	30%	40%	
Laws & Regulations	17%	35%	

IT & SYSTEMS Activities Audited by IA (%)			
	Industry	Universe	Observation
General IT Controls	81%	79%	Significantly more audit emphasis on Application Control audits than Universe. Less emphasis on New IT Application Development.
System Security	68%	73%	
Application Controls	48%	33%	
LAN Access	44%	44%	
New IT Application Development	37%	47%	

IA Involvement in App Development (%)			
	Industry	Universe	Observation
Attend sys dev meetings to confirm plans align with expectations	41%	50%	Manufacturing industry appears to place less importance on IA activities with respect to IT involvement in Application development
System testing before user acceptance testing	39%	40%	
SOG auditing	39%	50%	
Adequate security and data recovery	38%	50%	

Staff Turnover (%)				
	Industry	Audit Dept (1-10)	Audit Dept (51+)	Observation
Inside Co.	19%	19%	12%	
Resign	12%	12%	10%	
Retire	3%	3%	1%	
	34%	34%	22%	25% turnover present opportunity for pitching co-sourcing to maintain consistent or staff augmentation ... largest oppt'y is with small audit dept's

Staff Designation Mix (%)				
	Industry	Audit Dept (1-10)	Audit Dept (51+)	Observation
CPA	34%	46%	21%	Smaller audit departments place greater emphasis on certification
CIA	22%	33%	13%	
CISA	16%	28%	11%	

Percentage of IA Time Allocated by Importance (%)				
	Industry	Audit Dept (1-10)	Audit Dept (51+)	Observation
Review IT Efficiency	17	19	7	Significant difference in IA service needs based on size of IA shop
Data Center Review	13	20	4	
App Review Current	23	30	27	Application specific reviews comprise 44 % of IT IA activities for small audit shops
App Review Development	15	15	16	
IT Security	20	18	25	IT Security represent the second largest allocation of IT IA time

The future of internal audit

Introduction

On October 12, 2006, members of the Audit Committee Leadership Network (ACLN) met for the network's 14th meeting. Members began by considering the future of internal audit and then explored in depth another particular source of risk: emerging markets.¹ For further information about the network, see "About this document" on page 8.

During their discussion on internal audit, members focused on the following areas:

- **Post-Section 404, a new mission and new programs for internal audit**
- **New ways of thinking about internal audit resources and skill sets**
- **The audit committee's closer relationship with internal audit**

In a private open session, members also discussed dealing with regulators, interacting with overseas operations, overseeing risk management at board level and ensuring it is a strategic rather than a compliance activity, and working more closely with the compensation committee.

Members who participated in the meeting include:

- Roland Hernandez, Audit Committee Chair, Wal-Mart
- Judith Richards Hope, Audit Committee Chair, Union Pacific
- Marie Knowles, Audit Committee Chair, McKesson
- Chuck Noski, Audit Committee Chair, Microsoft and Morgan Stanley
- Pam Patsley, Audit Committee Chair, Texas Instruments
- Peter Ueberroth, Audit Committee Chair, The Coca-Cola Company
- Steve West, Audit Committee Chair, Cisco Systems

Others participating in the discussion on the future of internal audit included:

- Tom Flannery, Partner and Director, Audit Committee Communications, Ernst & Young
- Jacquie Wagner, Senior Vice President, Chief Operational Risk Officer, and General Auditor, American Express

Audit chairs who participated in individual discussions before the meeting were:

- Scott Cowen, Audit Committee Chair, Newell Rubbermaid
- Gene Fife, Audit Committee Chair, Caterpillar
- Shirley Ann Jackson, Audit Committee Chair, Marathon Oil
- Oscar Munoz, Audit Committee Chair, Continental Airlines
- Sandy Warner, Audit Committee Chair, General Electric Company

Collectively, audit chairs participating in the meeting, or in discussion before the meeting, sit on the boards of over 40 large-, mid-, and small-cap public companies.

¹ See Audit Committee Leadership Network, "Risk in major emerging markets," *ViewPoints*, November 6, 2006. Available at: http://www.tapestrynetworks.com/documents/Tapestry_FY_ACLN_Nov06_View16.pdf

Post-Section 404, a new mission and new programs for internal audit

According to the *Final NYSE Corporate Governance Rules*, companies listed on the New York Stock Exchange (NYSE) “must maintain an internal audit function to provide management and the audit committee with ongoing assessments of the company’s risk management processes and system of internal control.”¹ Prior to 2002, most internal audit functions were focused on financial and operational audits, with business process improvement a by-product of their work on operational audits. One participant said that 10–15 years ago, internal audit functions moved into operational audits to avoid duplicating the efforts of the external auditor on financial audits.

Since 2002, internal audit functions have been focused largely on Section 404 compliance, but as the mood of urgency that accompanied the initial Sarbanes-Oxley implementation has faded, many organizations are returning to a broader mandate for internal audit. One participant said, “An ongoing issue is the internal audit function being usurped into SOX [compliance] – what should it be working on, and what is its ongoing function?”

An Ernst & Young survey published in September 2006 shows that demands on the internal audit function have begun to broaden. The focus is no longer purely on financial audits and internal controls work; now internal audit is moving toward operational audits and improvement, as well as strategic involvement in areas such as risk management.²

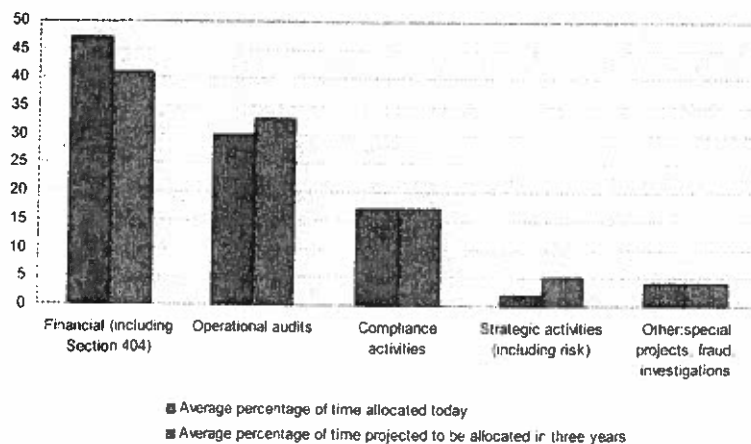


Figure 1. Allocation of internal audit hours today and expected in the future.³

In general, network members believe they are seeing an evolution of the internal audit mission that is in line with the trends identified in the E&Y survey. “SOX did cause a difference. The notion of responsibilities has expanded... [Internal audit] has extended into everything ... We have added 50% more work – more inquiries, more compliance, and more risk assessment.”

¹ New York Stock Exchange, *Final NYSE Corporate Governance Rules*, 13. Available for review at: <http://www.ecgi.org/codes/documents/finalcorpgovrules.pdf>.

² Ernst & Young, “Internal Audit Survey Summary,” September 2006. The survey was conducted in the spring and early summer of 2006 through face-to-face interviews with 115 CAEs and direct reports. Thirty-two percent of the respondents represented Fortune 1000 companies.

³ *Ibid.*, 5.

How do audit chairs help set the mission for internal audit?

- **Annual review process.** Many audit committees approve the internal audit charter and the annual plan. One participant reported, *"We do an annual review to set the mission and review it at the end of the year."*
- **Participation in the selection of the chief audit executive (CAE).** One participant said, *"That is an audit committee and an audit chair role. That partnership [between management and the audit chair in the selection process] gives [the CAE] strength."*
- **Regular dialogue with the CAE.** One participant looked to the head of internal audit to set the agenda for the function: *"They know better than I do. I try to be additive ... We get issues from the board and take a closer look in the audit committee. It is part of the audit committee agenda setting – what presentations do we need in three months' time? It is a dialogue."*

New ways of thinking about internal audit resources and skill sets

According to the Institute of Internal Auditors, "Audit committee members must play an active role in supporting the independence of internal auditing and ensuring it has enough resources to provide the appropriate level and quality of information."⁷ Members' internal audit organizations vary in size from a few dozen audit staff to more than 425. The E&Y survey states that half the companies involved in the research have projected growth for their internal audit function in 2006–07.⁸ Many participants mentioned the hot external and internal employment market for internal audit staff. One participant noted, *"Salaries are very high, globally."*

Can the GE model be applied more widely?

One way internal audit functions are coping with the need for more talent is by opening their hiring policies to staff with non-audit skill sets. This approach is remarkably similar to the one adopted by General Electric since at least the early 1990s. GE's internal audit function has long been considered one of the best in the country.⁹ Typically, GE's corporate audit staff spend two to three years learning the intricate details and functions of the company and being inculcated in a control environment before they rotate out into the company in a variety of leadership roles that, unlike at other companies, are not simply restricted to the finance organization.

As they move beyond Sarbanes-Oxley compliance, most companies' internal audit functions are once again becoming valued rotations for high-potential finance staff. While there is still no consensus on the idea of developing broader management high fliers (as in the GE model), there is more interest in this topic today than there was two years ago. One participant queried whether such an approach could work in a business that placed high value on leaders with engineering or marketing backgrounds. In reply, another participant said, *"We do run internal audit that way ... Some are engineers because we have specific technology needs. They do*

⁷ The Institute of Internal Auditors, *Internal Audit Standards: Why They Matter* (Altamonte Springs, FL: Institute of Internal Auditors, 2005), 2. Available at www.theiia.org/download.cfm?file=83032

⁸ Ernst & Young, "Internal Audit Survey Summary," 17.

⁹ John Pancoast, "How audit earns plaudits," *Financial Executive* 11, no. 6 (November 1995), 30.

dramatically changed the working and reporting relationships between audit committees and the internal auditors in our sample.”¹⁰

Two years later, members talked about a much deeper and more strategic relationship with internal audit. One participant said, *“The audit chair can give shelter to make the external auditor more effective, independent, and confident. At the same time, you can empower internal audit more.”*

Since passage of Sarbanes-Oxley, private one-to-one meetings between audit chairs and lead audit partners and the CAE have become commonplace, and *“management gets uncomfortable about that.”* Most CAEs reach out to audit committee chairs informally, the frequency and intimacy ranging from weekly telephone conversations to in-person meetings once or twice a quarter.

Constructive tension

One audit chair wondered, *“How does the audit committee keep a level of healthy discontent among [internal audit, management, and the external auditor] to stop them from becoming too close? They all work closely together every day, and we don’t.”* In response, another said, *“There is an opportunity as an audit chair to create tension by asking the right questions and [to] create an environment where people can say what they need to say without repercussions. Let these guys have at it.”* However another audit chair noted, *“You want to know about [the conflict], even if they work it out.”*

Audit chairs agreed that the audit committee could play a key role in supporting the recommendations of internal audit. One member said, *“When there is a trouble spot, the person responsible on the ground comes to the audit committee. The audit chair and internal audit decide when to trigger this – it is not a pleasant thing.”* Another agreed saying, *“If there is an audit [that identifies a problem], the business unit head and CFO have to come to the audit committee and explain what they are doing about it. It is a wonderful motivator [for them to take action].”*

A third member mentioned that the audit committee regularly conducts risk- and control-based reviews of certain parts of the business. Such an approach reinforces *“risk management [as] a management responsibility.”* Internal audit helps the audit chair decide *“who needs to be at the front of the queue and who is at the back.”*

Reporting lines

In part, the relationship between the audit committee and internal audit is deeper now than in the past because reporting lines are clearer, with most members saying the CAE now reports directly to the audit committee chair. However, one participant said that it might be a problem if the CAE got the impression he or she answered only to the audit committee. *“We only spend a little time ‘supervising’ our direct report. [CAEs] may think as long as they have a great reputation with the audit committee, they can have their way. That [will] not result in a robust, healthy relationship with other parts of the business.”*

The direct report to the audit committee is essential for internal audit objectivity, but there is still potential for conflict of interest. One participant mentioned that *“more and more companies are moving away from the*

¹⁰ Ernie & Young and Tapestry Networks, “The internal auditor’s perspective,” *InSights*, July 6, 2004, 6. Available at http://www.tapestrynetworks.com/documents/Tapestry_EY_ACL_N_July04_InSights.pdf.

PPH Board Subcommittee Activity Summary

JANUARY 20, 2009

Internal Audit Committee

ACTION ITEMS:

- **Motion to take question of raising the level and titles of the Director of Corporate Compliance and the Director of Internal Audit to the 2/9/2009 BOD meeting for further discussion.**

INFORMATION ITEMS:

- **Status of the Dir of Corporate Compliance search:** the interview process that is underway to fill the Director of Corporate Compliance position was reviewed.
- **Status of the Compliance Hotline** was discussed.
- **Report on ad hoc Compliance Committee** was given
- **Report on Internal Audit Services** was given
- **Report on 3m Audit Coding Program** was given
- **Report on PPH Dependent Insurance Coverage** was given

PPH Board Subcommittee Activity Summary

January 20, 2009

Governance Committee

ACTION ITEMS:

- **NONE**

INFORMATION ITEMS:

- **Board of Directors Handbook:** the sixty policies are available of Lucidoc and can be printed as needed or a complete copy is available in the Board office for review.
- **Physician recruitment and retention** Ms. Sarti is preparing a revision for the March meeting.
- **Status of District Structure** has been added to the Board portal
- **Board policy review schedule** automatic updates generated by Lucidoc will be distributed to the Governance committee as they are received by legal council.

Synopsis of HR Committee Meeting 1-21-09

Introduction: James O'Malley, Organizational Development Director –

1. James O'Malley, Organizational Development Director, was introduced to the HR Committee.

Annual Review: PPH HR Committee Bylaws –

1. HR Committee Bylaws were reviewed with no changes noted.

Informational: Job Descriptions, Severance Pay Procedure –

1. Job descriptions for the Compliance Officer and Audit Director were reviewed.
 - a. Additional changes were requested.
2. Severance Pay Procedure revision was reviewed.
 - a. Additional changes were requested.

Informational: Quarterly Turnover Report –

1. Brenda Turner presented information on four key employee related functions.
 - a. Presentation may be found in the Board packet and in the HR Committee folder on the Leadership Drive

Informational: PPH Rewards and Recognition Programs –

1. Brenda Turner presented information on four key employee related functions.
 - a. Presentation may be found in the Board packet and in the HR Committee folder on the Leadership Drive

Informational: Dependent Audit –

1. A dependent audit is being suggested as a cost saving feature. All employees with dependent coverage will be audited.
2. A representative from the VHA associate company will present at the February HR Committee meeting.

Informational: Position Reorganization–

1. Lorie Shoemaker provided an overview of the changes to the nursing system structure. Positions that were deleted / reclassified were outlined.