

Palomar Pomerado Health Strategic Planning Committee Meeting

Tuesday, July 07, 2009

12:00 pm

**Location: Pomerado Hospital
Meeting Room E**

(Lunch will be available for Board Members and Executive Management Team)

!	Call To Order		
!	Public Comments		
		<i>Page</i>	<i>Minutes</i>
1.	* Approval of Minutes – June 02 2009	2-4	5
2.	* Update on FY10 Goals	5-6	60
3.	* PPH Expresscare	7-44	30
4.	* Joint Venture with North County Radiology		15
4.	Committee Comments, Suggestions		15

Distribution:

Alan W. Larson, M.D., Chairperson
Marcelo Rivera, M.D.
Linda Greer, R.N.
Steve Gold
Michael Covert, CEO
Benjamin Kanter, M.D.
John Lilley, M.D.
Frank Martin, M.D.

Gerald Bracht
Duane Buringrud, M.D.
Bill Chaffin
Robert Trifunovic, M.D.
David Tam, M.D.
Bob Hemker
Marcia Jackson
Lorie Shoemaker

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

“If you have a disability please notify us at 858-675-5123, 48 hours prior to the event, so that we may provide reasonable accommodations.”

**Palomar Pomerado Health
BOARD OF DIRECTORS
STRATEGIC PLANNING COMMITTEE**

Pomerado Hospital
Conference Room E
June 02, 2009 Meeting Minutes

AGENDA ITEM	DISCUSSION	CONCLUSION / ACTION	FOLLOW-UP
CALL TO ORDER	12:00 p.m. by Chairman Larson		
ESTABLISHMENT OF QUORUM	Present: Directors Larson, Bassett, Greer		
ATTENDANCE	Also in attendance were: Michael Covert, Stonish Pierce, David Tam, MD, Gerald Bracht, Lisa Hudson, Natalie Bennett, Bob Hemker, Ann Koeneke, Ben Kanter, MD, Terry Green, Sheila Brown, Steve Gold, Prudence Henderson, Lorie Shoemaker Guests: None		
NOTICE OF MEETING	The notice of meeting was mailed consistent with legal requirements.		
PUBLIC COMMENTS	No public comments were noted.		
MINUTES	Chairman Larson asked for approval of the May 05, 2009 Strategic Planning Committee meeting minutes.	MOTION: By Greer, 2 nd by Larson to approve the May 05, 2009 meeting minutes as submitted. All in favor. None opposed.	
UPDATED FINANCIAL PLAN AND CAPITAL PLAN	Mr. Hemker provided an updated financial plan and capital plan with service line initiatives and BOD initiatives from the 2009 strategic planning workshop. Mr. Hemker discussed the issues for consideration, and the service line initiatives currently identified in the financial and capital plan. The total expected operating income contribution from FY2010 to FY2019 is approximate \$115 million based on an estimated investment of approximately \$24.1 million; these initiatives will have significant contributions in latter years. New strategies and initiatives identified in the 2009 strategic planning process were reviewed and the summary totals for the new initiatives were provided. Mr. Hemker modeled the initiatives with various scenarios and a capital position summary compared the various scenarios to show where		PowerPoint presentation is available of the Leadership drive.

AGENDA ITEM	DISCUSSION	CONCLUSION / ACTION	FOLLOW-UP
	<p>PPH would be financially in 10 years under each scenario.</p> <p>The committee discussed the presentation at this point.</p>		
CRITERIA FOR CAPITAL ALLOCATION	<p>Mr. Hemker provided an overview of capital allocation. The future strategies per the HFMA Survey from March 2009 were reviewed to show what is going on in the industry and the categories of capital projects were outlined. The development/review of new business plans and PPH's IT project prioritization criteria were reviewed. Categories/drivers in the outside world were reviewed and sample scoring criteria and weights were outlined. The external marketplace criteria being used were highlighted and the next steps in the process were reviewed.</p> <p>The committee discussed how to weight the criteria at this point. Dir Larson suggested that the EMT rank the criteria and present the results at a full Board meeting.</p>		PowerPoint presentation is available on the Leadership drive.
HEALTHCARE ENVIRONMENT FINANCIAL CONSIDERATIONS	<p>Mr. Hemker discussed the healthcare environment financial considerations and the sources of the material. The results of the 2009 healthcare industry report were reviewed and the top issues facing hospitals was highlighted.</p> <p>Due to time constraints the presentation was cut short and it was determined that the information would be provided to the full Board at the June Board meeting.</p>		PowerPoint presentation is available of the Leadership drive.
NORTH COUNTY RADIOLOGY	<p>Gerald Bracht stated that North County Radiology started at both campuses as of January 1st, 2009 and are still ramping up their services. North County Radiology started with 19 physicians and are now at a full complement of 24 physicians. They are meeting the expectations that were set for them and have added procedures on the interventional side. They are currently working on neuro-radiology for coiling. This was being sent out the UCSD but now North County Radiology is bringing on a UCSD physician. It is expected that PPH will have this capability within the system very soon. The on boarding for the professional services agreement is going well and the joint venture section of the agreement has been trying to craft a different approach. By creating an umbrella organization and using that organization to look at and go after joint venture opportunities it is becoming very close to the point where it can go through the approval process with the Board.</p>		
PROGRAMS IN POMERADO OUTPATIENT PAVILION	<p>Industry outpatient market trends and women's services market trends were reviewed. Background was provided on the Pomerado Outpatient Pavilion background and the planned services were outlined. The current services provided at the Pomerado Outpatient Pavilion were listed by floor and the Jean McLaughlin Women's center was discussed. The presentation concluded with proposed services for the pavilion.</p>		PowerPoint presentation is available of the Leadership drive.
COMMITTEE MEMBER COMMENTS (IF ANY)	<p>The next Strategic Planning meeting is scheduled for 12:00p.m. on Tuesday, July 07 in meeting room E at Pomerado Hospital.</p>		
FINAL ADJOURNMENT	<p>Chairman Larson adjourned this meeting at 2:05 p.m.</p>		

SIGNATURES

- Chairperson of
the Committee

Alan Larson, MD

- Committee
Secretary

Nicole Dennis

DRAFT FY 10 Initiative Planning

FY10 Goals	Objectives	Outcome Measures	FY '10 DRAFT INITIATIVES	FY10 Threshold	FY10 Target	FY10 Maximum
Maintain credit worthiness	1.1 Achieve profitability	OEBITDA Margin % with Property Tax	Achieve Realizable Net Revenue Optimization through implementation of Clinical Documentation Integrity initiative and implementation of a Chargemaster Build/Rebuild Project	10.87%	10.90%	10.95%
		Total operating expenses per adjusted discharge	Achieve efficient resource consumption/utilization through the establishment of implementation of resource optimization committees for clinical supplies and labor resources	\$11,200	\$11,065	\$10,930
Maintain credit worthiness	1.2 Demonstrate business growth	Increase in overall contribution margin over FY10 budget for service lines	Increase collective contribution margin for the service lines of Cardiovascular, Orthopedics, General Surgery, and Neurosurgery	1.1 Million (equivalent to 2%)	2.8 Million (equivalent to 5%)	4.0 Million (equivalent to 7%)
		Partnership decisions made	Create partnerships that support PPH strategic goals: Rady Children's Hospital, RehabCare, and North County Radiology	1 complete by end of fiscal year	2 complete by end of fiscal year	3 complete by end of fiscal year
Realize 90th percentile for patient loyalty	2.1 Develop loyal patients	Patient Loyalty Scores	Increase awareness of Service Excellence including an appropriate comprehensive education program and accountability measures	Year end PG score plus 1.0	Year end PG score plus 1.5	Year end PG score plus 2.0
		Internal Customer Survey (Q6)		4.35	4.40	4.45
Achieve national recognition for clinical quality, patient safety, and ideal patient care	2.2 Develop loyal physicians	Establishment of functioning Medical Foundation	Evaluate, gain approval, and if approved establish a functioning 501(c)3 Medical Foundation	Board decision made by 11/1/09	Functional by 7/1/2010	Functional by 4/1/2010
	3.1 Demonstrate high quality, safe patient care	Core measure performance in SCIP (Surgical Care Improvement Project), AMI, CHF, Pneumonia	Continue to demonstrate top quality clinical performance through PPH collaborative interdisciplinary best practice teams.	2 of 4 10% above CMS National Composite Score	3 of 4 10% above CMS National Composite Score	4 of 4 10% above CMS National Composite Score
	3.2 Optimize process efficiency and effectiveness	Cumulative number of operational problems addressed	Increase utilization of Adaptive Design problem-solving methodology in the organization based on a three-year roll out plan	278 operational problems addressed	308 operational problems addressed	338 operational problems addressed

DRAFT FY 10 Initiative Planning

FY10 Goals	Objectives	Outcome Measures	FY '10 DRAFT INITIATIVES	FY10 Threshold	FY10 Target	FY10 Maximum
Achieve national recognition as one of the top health system employers in the country	4.1 Attract, acquire, grow, support and retain a high quality workforce	PPH Composite Q12 Scores	Implement a comprehensive leadership development program including: Leadership Orientation Program/Challenge I - course work/Boot Camp . Improve employee engagement scores through utilization and completion of effective impact plans	3.94%	3.96%	3.98%
	5.1 Provide the tools and equipment for optimal performance	Completion of Phase-1	Completion Phase-1 of the EHR migration - -Complete Document Imaging (CPDI)/Cerner 2007.18+Upgrade -Develop, plan and begin implementation of IView/CareAware (Advanced Clinicals and Device Interfaces)/CPOE (Computerized Provider Order Entry) -Completion of Remote Hosting of Cerner System	7/1/2010	6/1/2010	5/1/2010
Achieve national recognition for development of state-of-the-art facilities and technology	5.2 Provide facilities for optimal delivery and receiving of services	Complete Plan for Centralization of Support Services and initiate implementation	Completion of a District-wide Plan for Centralization of Support Services, and initiate implementation in areas to potentially include laboratory, pharmacy, health information, FANS, biomedical engineering and skilled nursing	Operationalize centralization of 1 support service	Operationalize centralization of 2 support services	Operationalize centralization of 3 support services
		Complete tier one priorities, e.g., medication and supply distribution, to facilitate the timelines and budgets for the construction and related projects	Develop the plan, budget, tools, templates, timelines and teams to support the transformation process	Complete tier one priorities by 6-30-10	Complete tier one priorities by 4-30-10	Complete tier one priorities by 4-30-10 and 2 tier 2 priorities by 6-30-10.
		Capital Campaign	Realize Year 2 Capital Campaign Commitments	\$11,000,000	\$13,000,000	\$15,000,000

Memorandum

To: PPH Board of Directors
From: Gustavo Friederichsen; Chief Marketing & Communications Officer
Date: July 7, 2009
Re: Marketing PPH expresscare

The marketing strategies began with a newly designed brand, look and feel. The lower case “e” with red-cross design element resulted in a fresh, upscale look for a new PPH venture – the first retail clinic in the organization’s history and the first branded by a health system in southern California.

PPH Marketing has worked in partnership with Clinical Outreach to create a comprehensive campaign designed to 1) introduce expresscare to the community and 2) continue to tell that story so that more people utilize/take advantage of the retail model.

Once the design identity was approved, the next step was and continues to be – to market expresscare aggressively. Some examples are listed below:

CRM Campaign

Grand opening (approx 40,000 postcards)
Non compliant ER campaign (quarterly and ongoing) – 9,000 mailers
New Movers campaign quarterly and on going (7300 packets)

Web Strategy

Microsite developed and consistently upgraded

Social Media

Facebook and Twitter utilized

Television and Radio

Sponsor of KUSI sports and Friday night Prep Pigskin Report (widely watched by prep athletes and parents)

LT endorses expresscare via radio spots airing during every Charger game on 105.3 FM and in 2009, 1360 AM.

Print Ads

Ongoing in selected dailies, weeklies and monthlies

Analysis

While utilization and associated revenue continues to be a challenge – there has not been decrease or lack of “marketing energy” supporting the retail model. In fact, more than \$100,000 has been spent on marketing expresscare. And, another \$50-\$100,000 may be spent in FY10 to increase use.

It will take consistent marketing to schools, families, workplaces and moms – even with the limitation of two sites – Escondido and Rancho Penasquitos.

Why would a mom from San Marcos drive to Escondido when her co-pay with her primary care physician might be less than the cost for a sports physical for her child?

Strategic Angles

We will deploy new messaging to drive new customers to the locations. We will need to tell various stories – that may attract seniors, young families “on the go” and even men – who could see the retail model as a “time saver”.

We will continue to use Clear Channel as our radio partner – and use local sports personality Jim Laslavic to get the word out about expresscare.

We may increase CRM strategies to reach folks directly in their homes.

We will rethink print advertising strategies – to create an awareness that currently does not exist. This lack of awareness can be attributed to a number of factors: location A (inside Albertsons) and location B (fringe of Escondido and RP) and the fact that the jury is still out on the potential for retail clinics to survive in this volatile economic climate.

Advantages

PPH expresscare is associated with an established brand – PPH. We will take advantage of this element to enable decision making.

Convenience and ease of use will continue to be communicated to all audiences.

Economies of scale – the fact that we only have 2 locations to market throughout North County – translation: we should move forward to expand number of sites

This is one of the strongest brands from a marketing perspective that PPH has in place and must remain intact, but patience is the virtue

Increase collaborative marketing efforts w/ Albertsons as a strategy

Summary

There is no question that expresscare presents a fresh and unique proposition for PPH. The bottom line is that this is a long sell – meaning the marketing of expresscare will take time and eventually will yield benefits. The critical issue for us is to not reduce marketing, not relinquish the positive partnership between Marketing and Clinical Outreach and to continue to look for ways to tell the expresscare story so that more folks can take advantage of its core attributes.



PPH *expresscare* Strategic Update

Stonish Pierce, FACHE

Manager, Clinical Outreach Services

EMT Sponsor: Sheila Brown, FACHE

Chief Clinical Outreach Officer

Board Strategic Planning Committee

July 7, 2009



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Why Retail Clinics?

- Niche market
- Increase brand exposure to consumers and patients
- Focus group participants said, "Yes!"
- Remain on cutting edge of healthcare delivery & innovation
- Correlates with existing and future shortage of PCPs
- Protect and grow market share – push and pull
- Provide consumers with cost-effective, convenient solution to obtaining basic, non-emergent healthcare services
- Develop and enhance patient relationships with local physicians
- Further establish PPH's continuum of care
- New referral source for PPH physicians/Primary Care strategy
- Today's consumers demand convenience and affordability



April 17, 2007 – Board Strategic Planning Meeting

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Rationale for Implementation

- Marketing/Branding (PPH visibility)
- Primary Care Strategy
- Protect and Grow Market Share
- Explore other relationships with SUPERVALU





Marketing and Branding

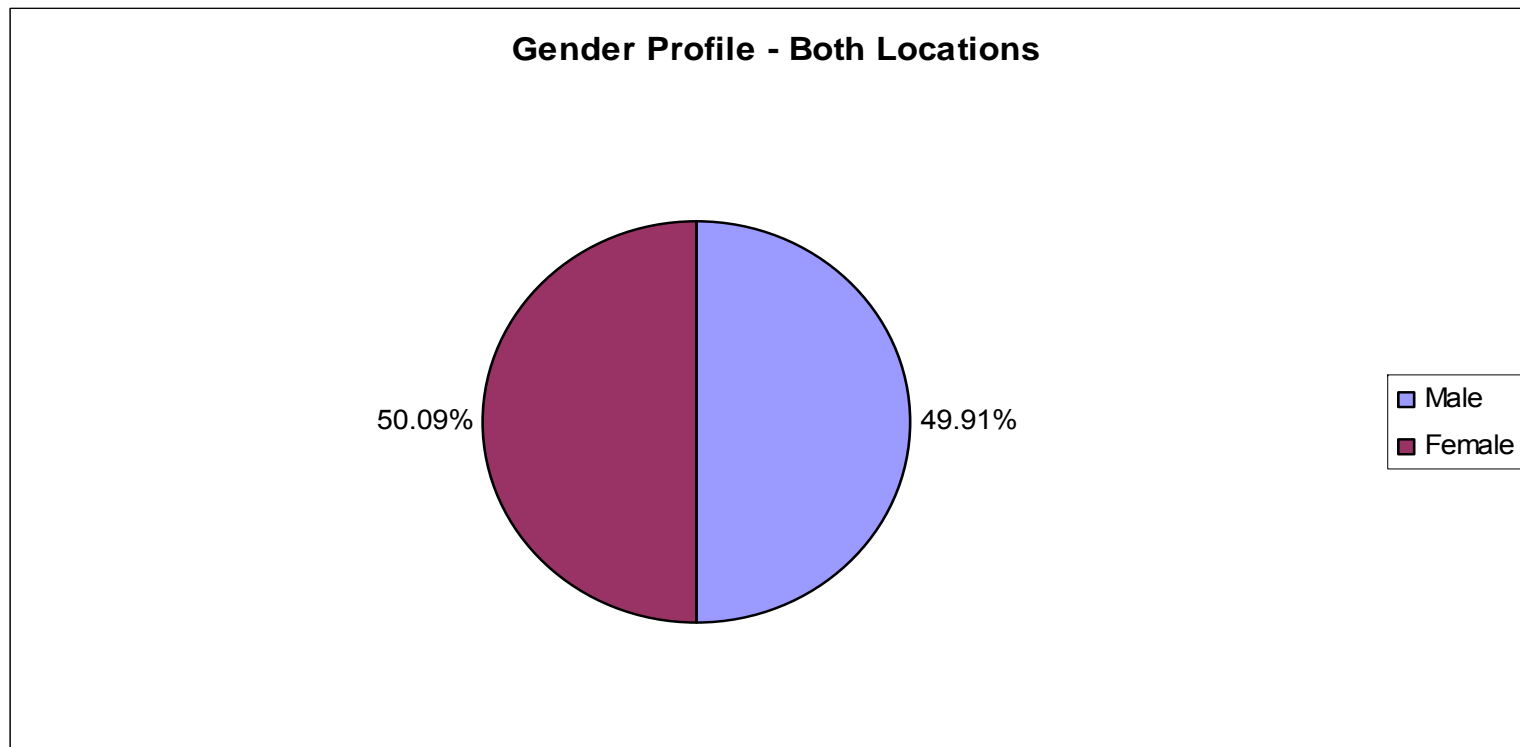
- CPM/CRM Campaign
 - New Mover's
 - ED Non-Compliance
- Albertsons Collaboration
- Community Awareness Campaign
 - Print Advertising Campaign
 - Television & Radio Campaign
 - Social Media Campaign
 - Website Campaign
- Employee Campaign
- School/Sports/Camp Physicals Campaign

All Marketing and Branding Campaigns work to promote other services throughout the PPH system





Overall Gender Demographics



Largest % of patients had household incomes > \$150K

Very few individuals came in with household incomes < \$30K

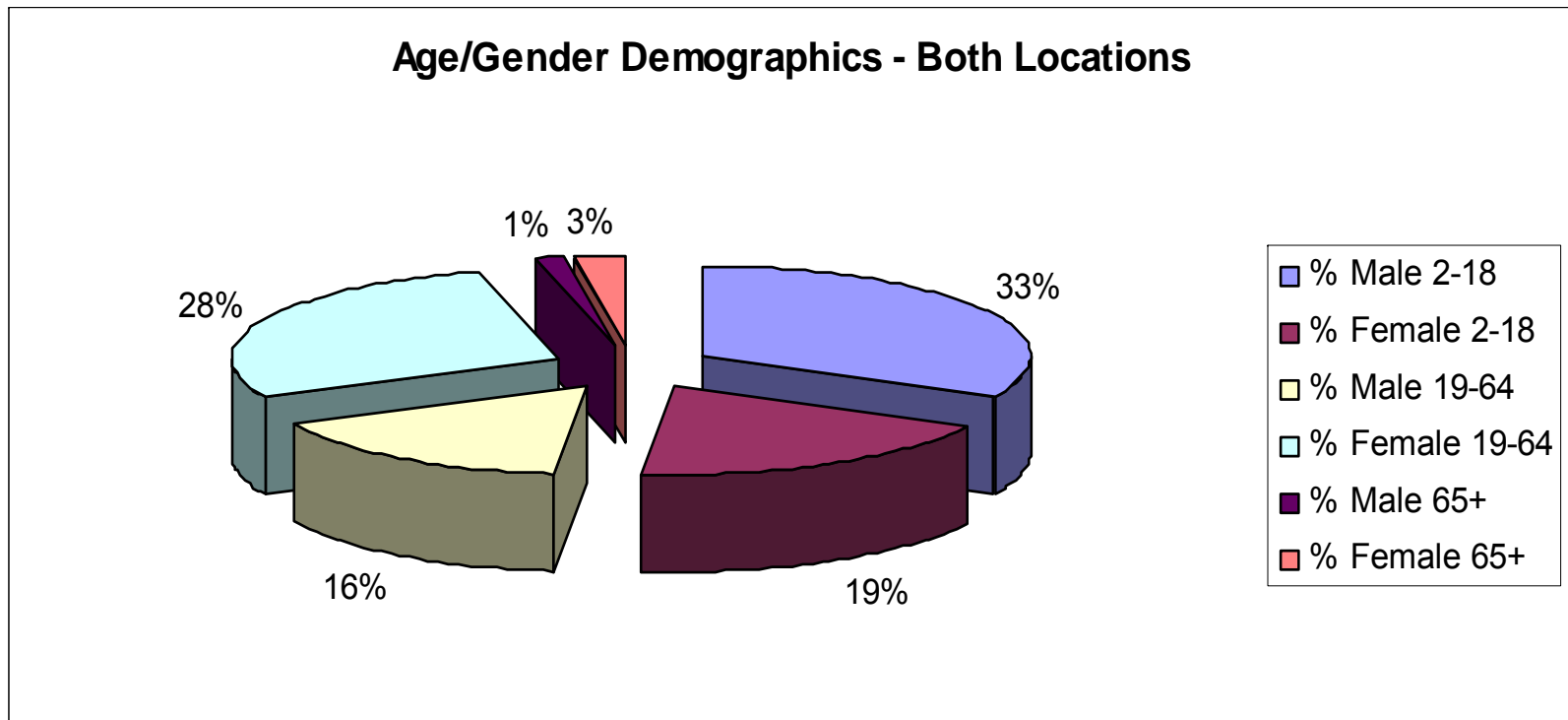
Revised: 6/30/09 n =2,244



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Age/Gender Demographics



41.02% had children in the household

58.98% did not have children or were unknown

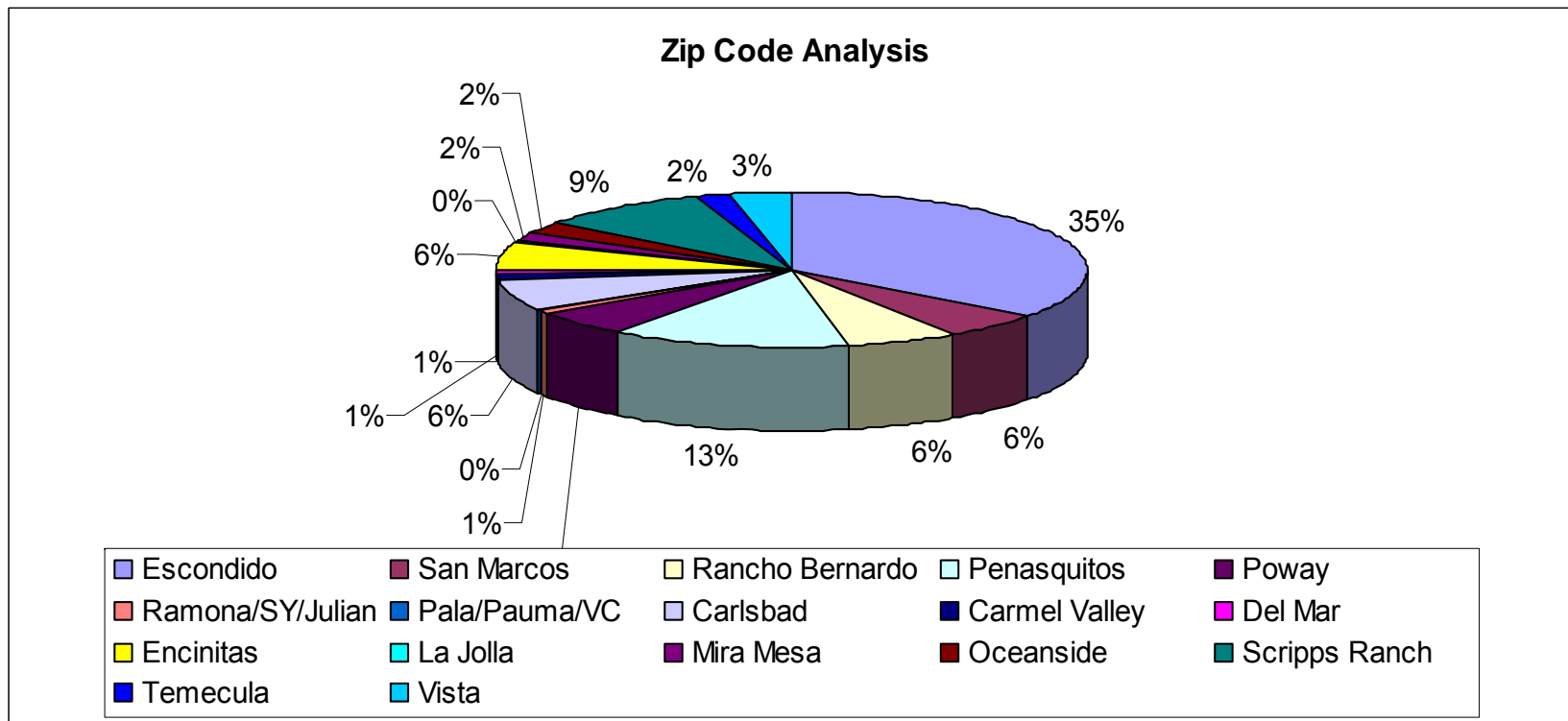
Revised: 6/30/09 n =2,244





Zip Codes Analysis – Overall Visits

Entry Into New Markets



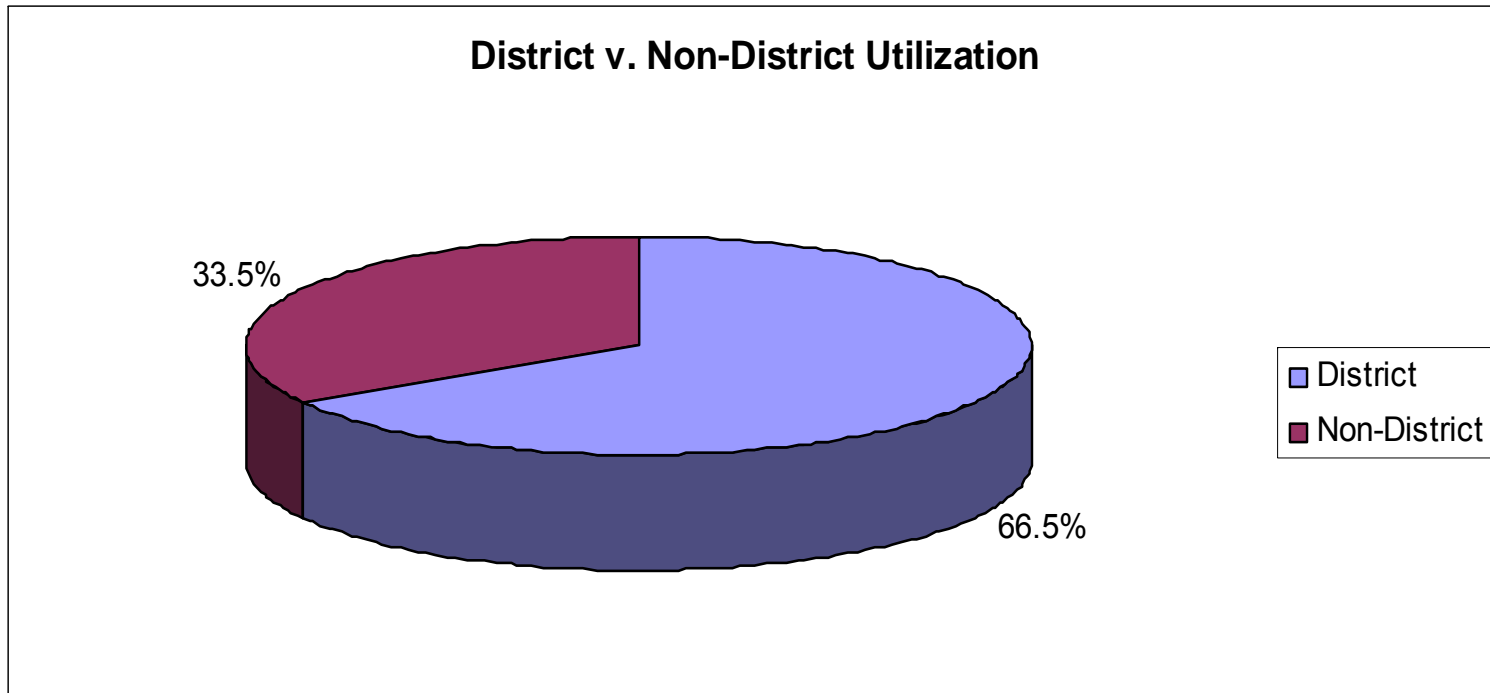
Revised: 6/30/09

n =2,244



District v. Non-District Utilization

Protect & Grow Market Share



Revised: 6/30/09

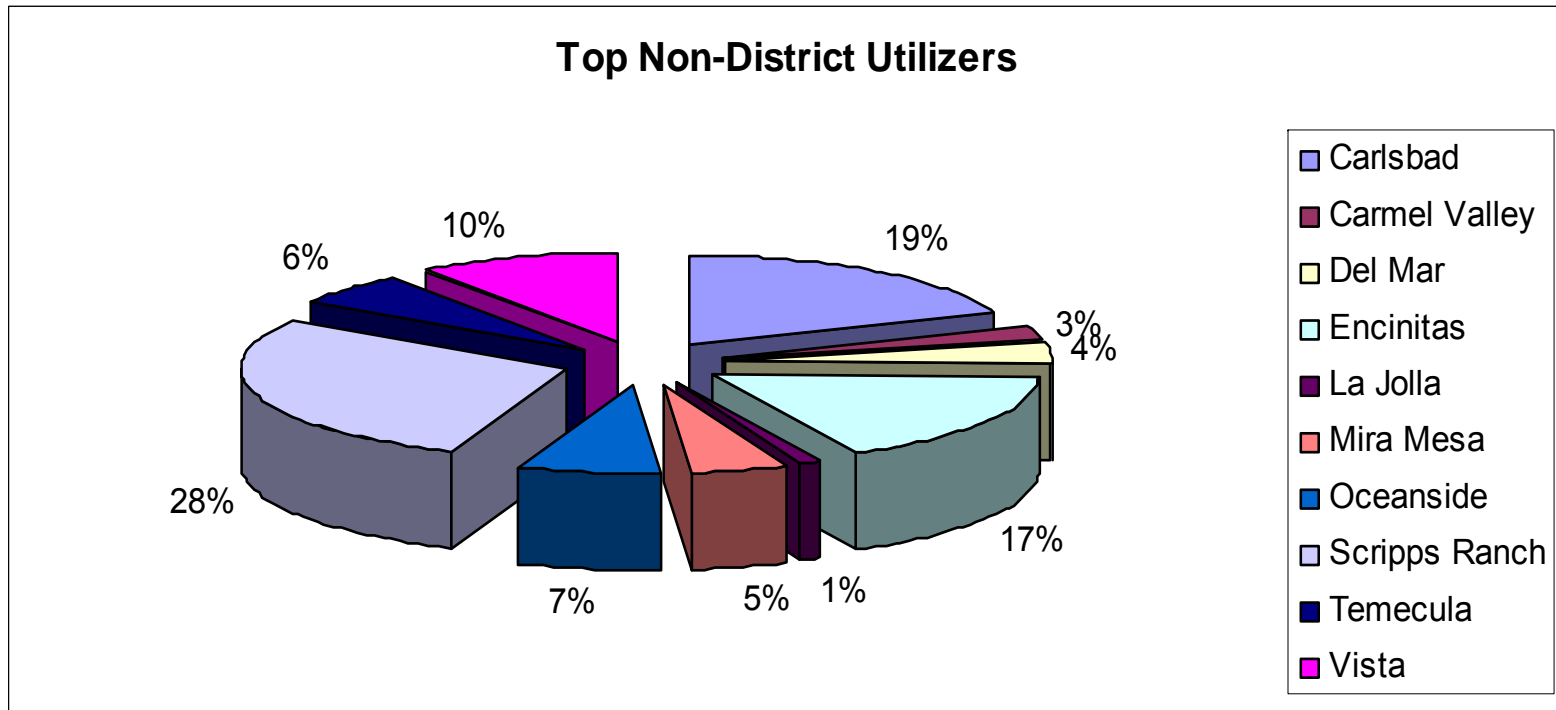
n = 2,244

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Top Non-District Cities/Areas

Protect & Grow Market Share



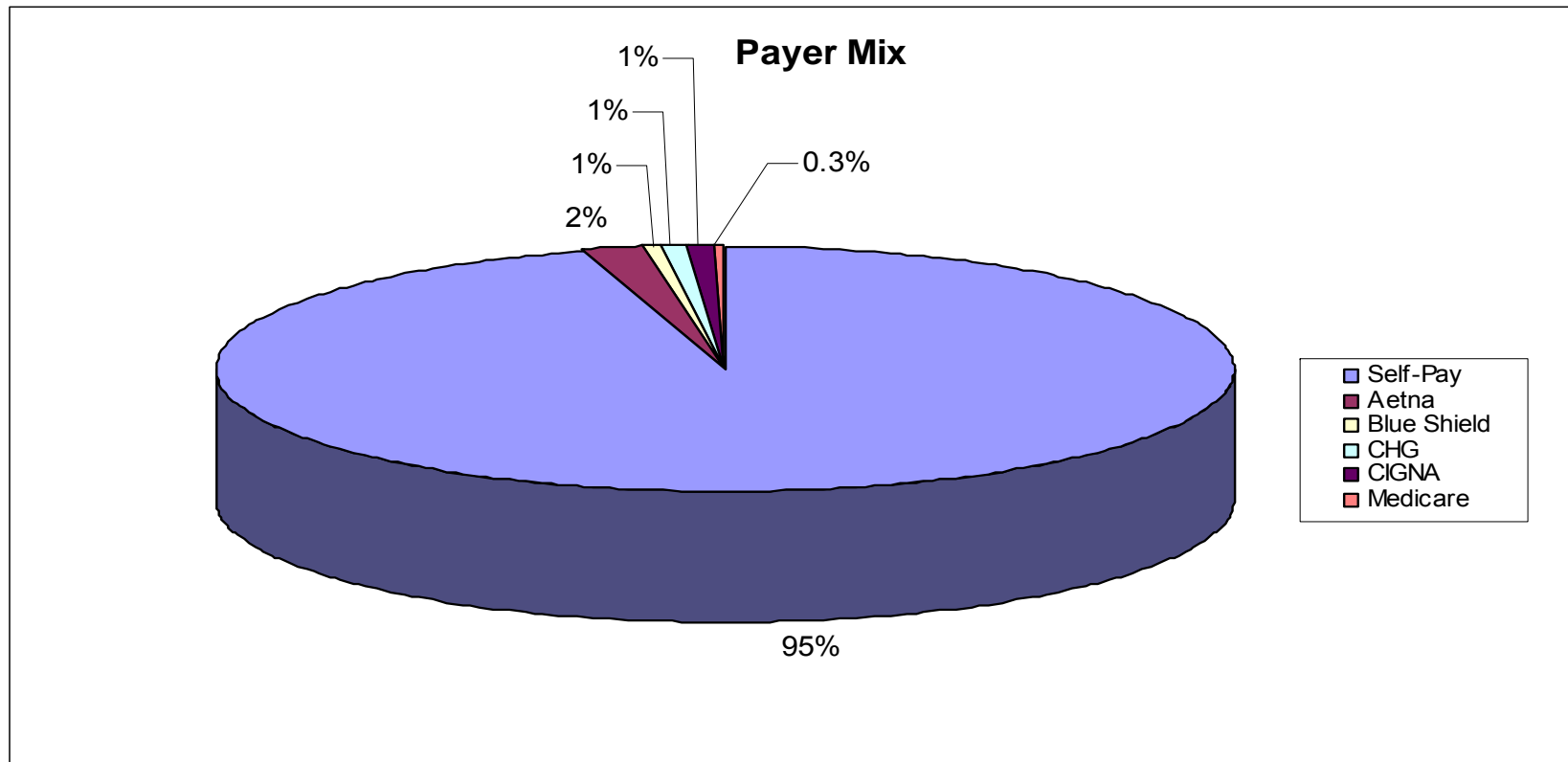
Revised: 6/30/09

n =2,244

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Payer Mix



Foundation Model = Critical

Revised: 6/30/09 n =2,244 n =99 insurance patients



Slide 10

pph64

Integrated Delivery Network
50% insurance / 50% self-pay
18% HMO
5% Medicare
pph, 6/16/2009



Primary Care Strategy

- Continued marketing and branding opportunities for affiliated groups and physicians
- Referrals to affiliated medical groups, independent physicians, community clinics and other system programs and services
 - Average of 52.3 referrals/month
 - **627 referrals** Year to Date (YTD)
 - Graybill Medical Group: 115 YTD
 - Centre For Health Care: 155 YTD
- Some patients referred to traditional providers and services
 - VA, Kaiser, Naval Medical, Planned Parenthood



Revised: 6/30/09

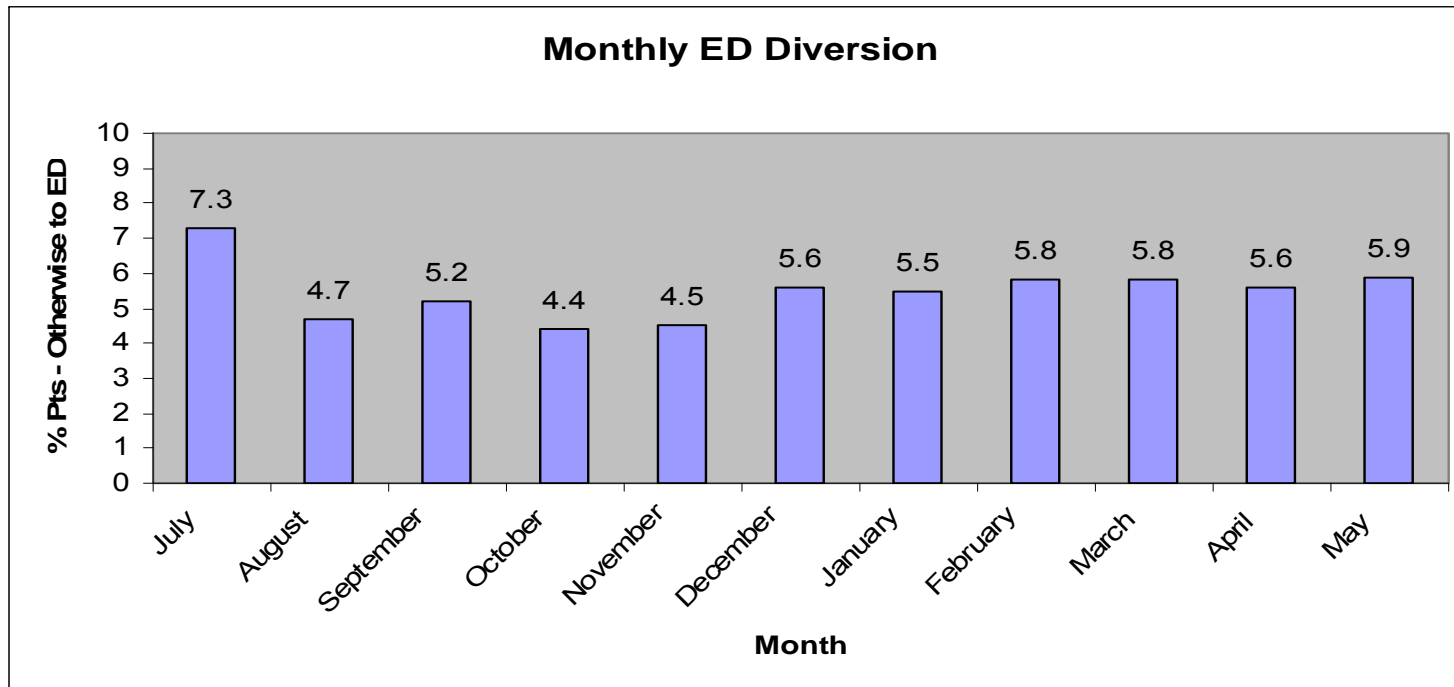
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ED Diversion Analysis

“If you did not come to expresscare, where would you have gone for treatment?”

5.91% of patients self-reported, ED





Patient Satisfaction

Quality of Care	4.94	98.7%
Waiting Time before seen by clinician	4.90	98.1%
Professionalism of staff	4.98	99.5%
Length of time with clinician	4.94	98.9%
Value of service for the Cost	4.89	97.8%
Info provided for home or F/U care	4.85	96.9%



Revised: 6/7/09 % of patients citing *Extremely Satisfied* n=784

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Operational Realities

- Delayed opening related to state inspection (restroom build-out)
- Only open during one season of traditionally high volume
- Physical Exams – reduction in price (community-based competition)
- Salaries - more than budgeted for based on market-based compensation
- Training “ramp up”
- Retail Clinics NOT recession proof
- Two clinics - difficulty obtaining insurance contracts
- Insurance limitations (HMO patients)
- Signage Issues
- Consumer awareness



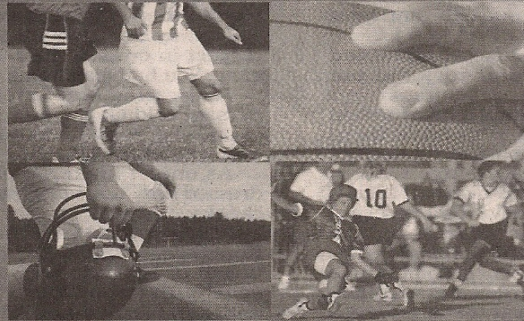


Community-Based Competition

New at our
San Marcos Location

Graybill Medical
Group, Inc.

\$25 SPORTS PHYSICALS



**We Are Open
until 8:00pm!**

Monday-Thursday
8:00am - 8:00pm

Friday
8:00am - 5:00pm

Evening appointments Available

Manuel Tanguma III, M.D.
Family Medicine



SAN MARCOS OFFICE
1595 Grand Ave San Marcos, CA 92078
Between Las Posas and Rancho Santa Fe
760 471-2273 Graybill.org



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The Response

Wellness and Prevention

- Camp Physicals \$30
- Sports Physicals **NEW** \$30

Additional Services

- Lice **NEW** \$62
- Motion Sickness Prevention **NEW** \$62
- Sprains (foot, ankle, knee) **NEW** \$62

Skin Conditions

- Acne **NEW** \$62





Payer Relations

Current Contracts



blue shield of california



Current Discussions/Future Inclusion:



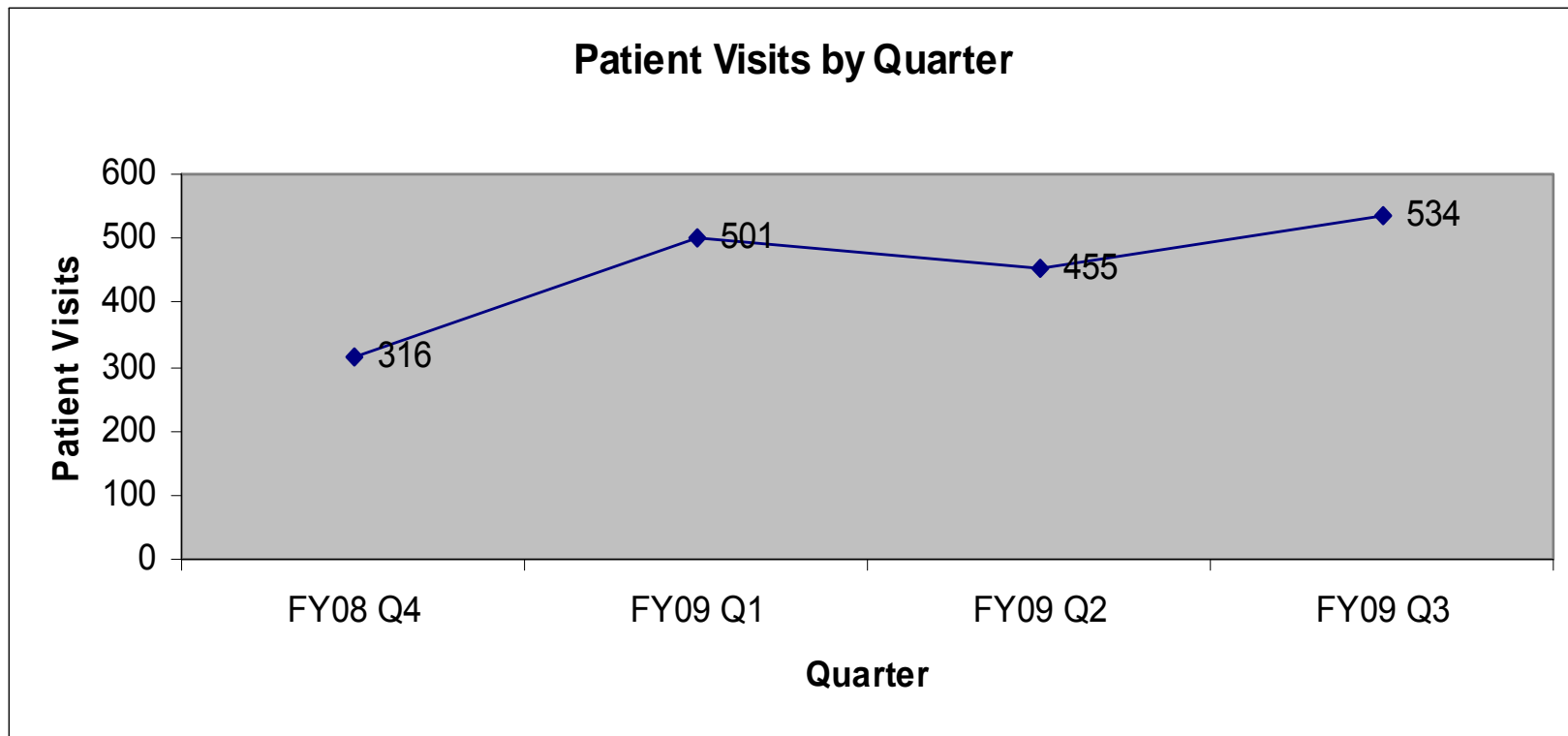
Blue Shield of CA and Medicare B – added to network since December 2008



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Patient Visit Trends



Opened 5/12/08 – PQ, 5/14/09 – ESC



Not in Scope of Services n = 624
Period Ending May 2009 n = 2,244

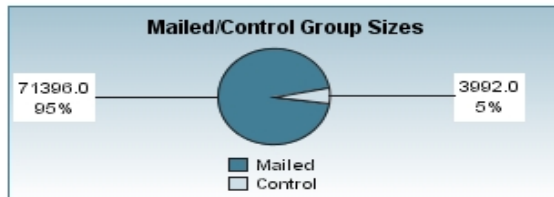
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Overall Utilization by Individuals (throughout PPH)

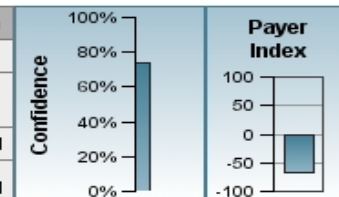
ROI Combined Report

Now Viewing Overall Summary

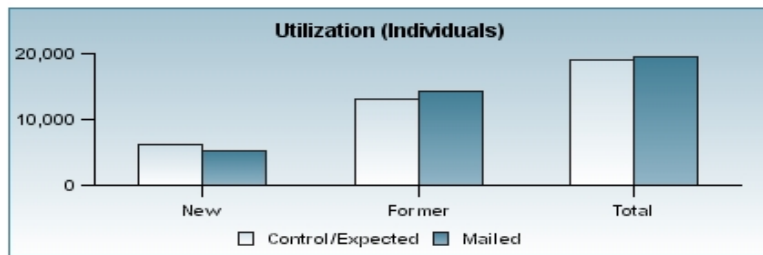


	Mailed	Control
Individuals	71,396	3,992

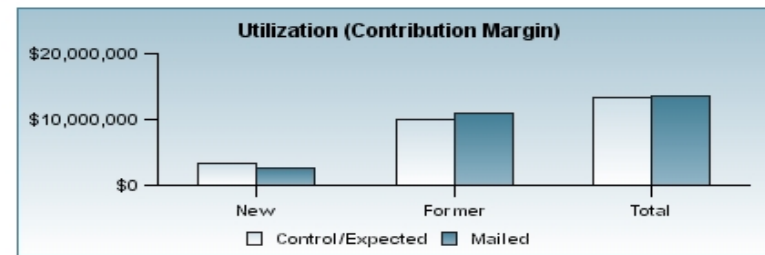
	Mailed	Expected	Incremental	Return
Direct Mail Cost	\$101,735.31			
Utilization Individuals	19,415	19,091	324	
Total Charges	\$270,858,970.60	\$266,338,841.50	\$4,520,129.10	43.43 : 1
Expected Amount Received	\$216,687,176.48	\$213,071,073.20	\$3,616,103.28	34.54 : 1
Actual Amount Received	\$65,201,495.60	\$64,113,404.71	\$1,088,090.89	9.70 : 1
Contribution Margin	\$13,542,853.55	\$13,316,848.68	\$226,004.87	1.22 : 1



Confidence	74.0 %
Payer Index	-67.9



	New	Former	Total
Mailed	5,183	14,232	19,415
Control/Expected	6,102	12,989	19,091



	New	Former	Total
Mailed	\$2,706,193.08	\$10,836,660.47	\$13,542,853.55
Control/Expected	\$3,426,644.71	\$9,890,203.97	\$13,316,848.68

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Overall Utilization of Individuals (throughout PPH)

- Of the individuals marketed, 19,415 have utilized services within the PPH system for a total of nearly \$271 million in charges
- Using the control group methodology, we can take credit for at least 286 individuals and a total of nearly \$4 million in charges
- Using the default profit margins, we can deduce that these contacts have yielded a total of \$226,004 in contribution margin
- Thus, for every dollar spent, we have yielded approximately \$1.22 in profit above and beyond that dollar
- Note, these numbers have combined all expresscare marketing efforts and de-duplicate individuals in the results so that they are not double counted



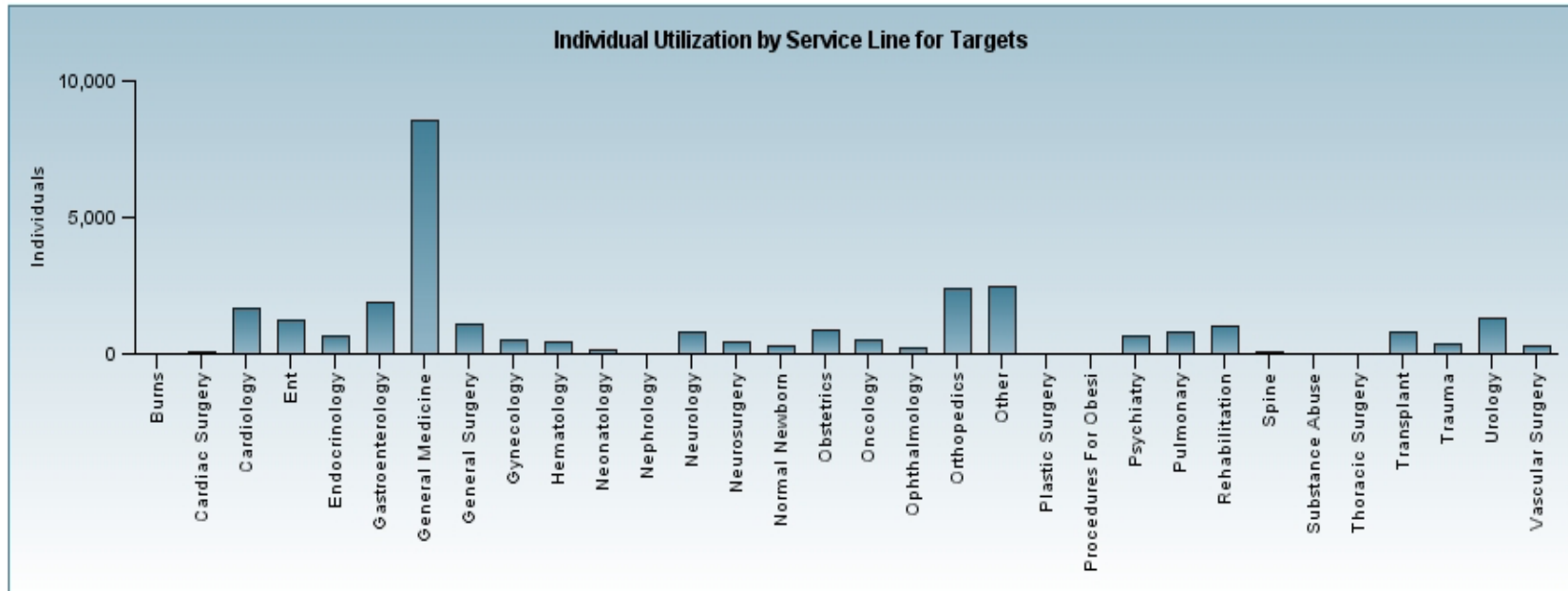


Overall Service Line Utilization by Individuals

ROI Combined Report

Now Viewing Overall Summary

- Individuals
- Visits
- Total Charges
- Expected Amount Received
- Actual Amount Received
- Contribution Margin



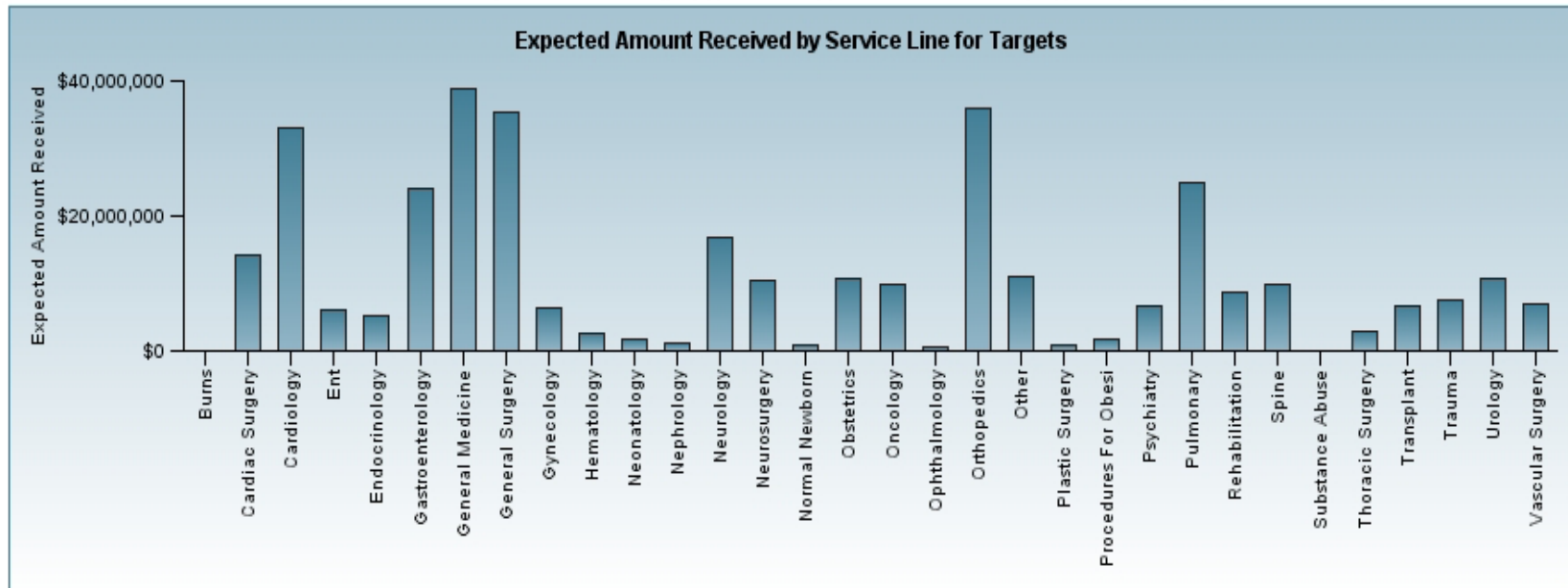


Overall Service Line Utilization by Expected Amt Received

ROI Combined Report

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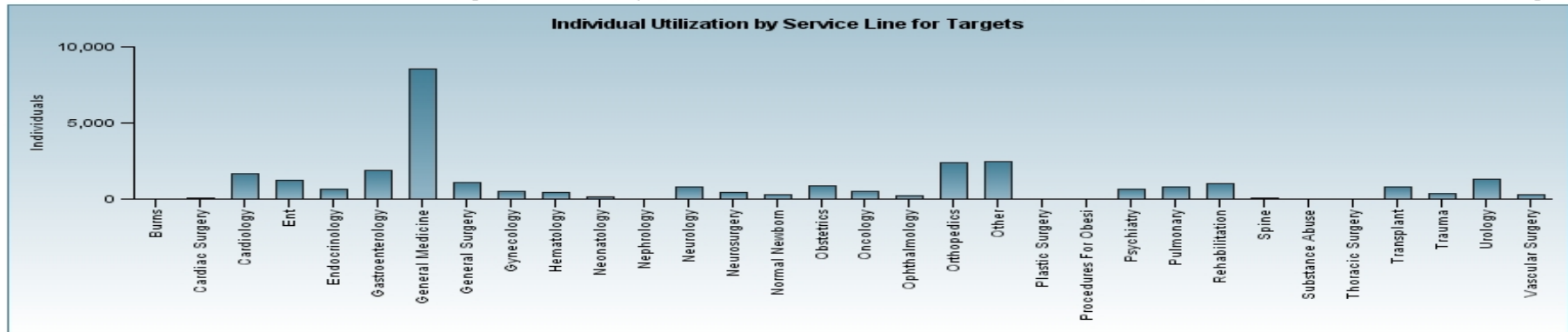
- Individuals
- Visits
- Total Charges
- Expected Amount Received
- Actual Amount Received
- Contribution Margin



ROI Combined Report

Now Viewing Overall Summary

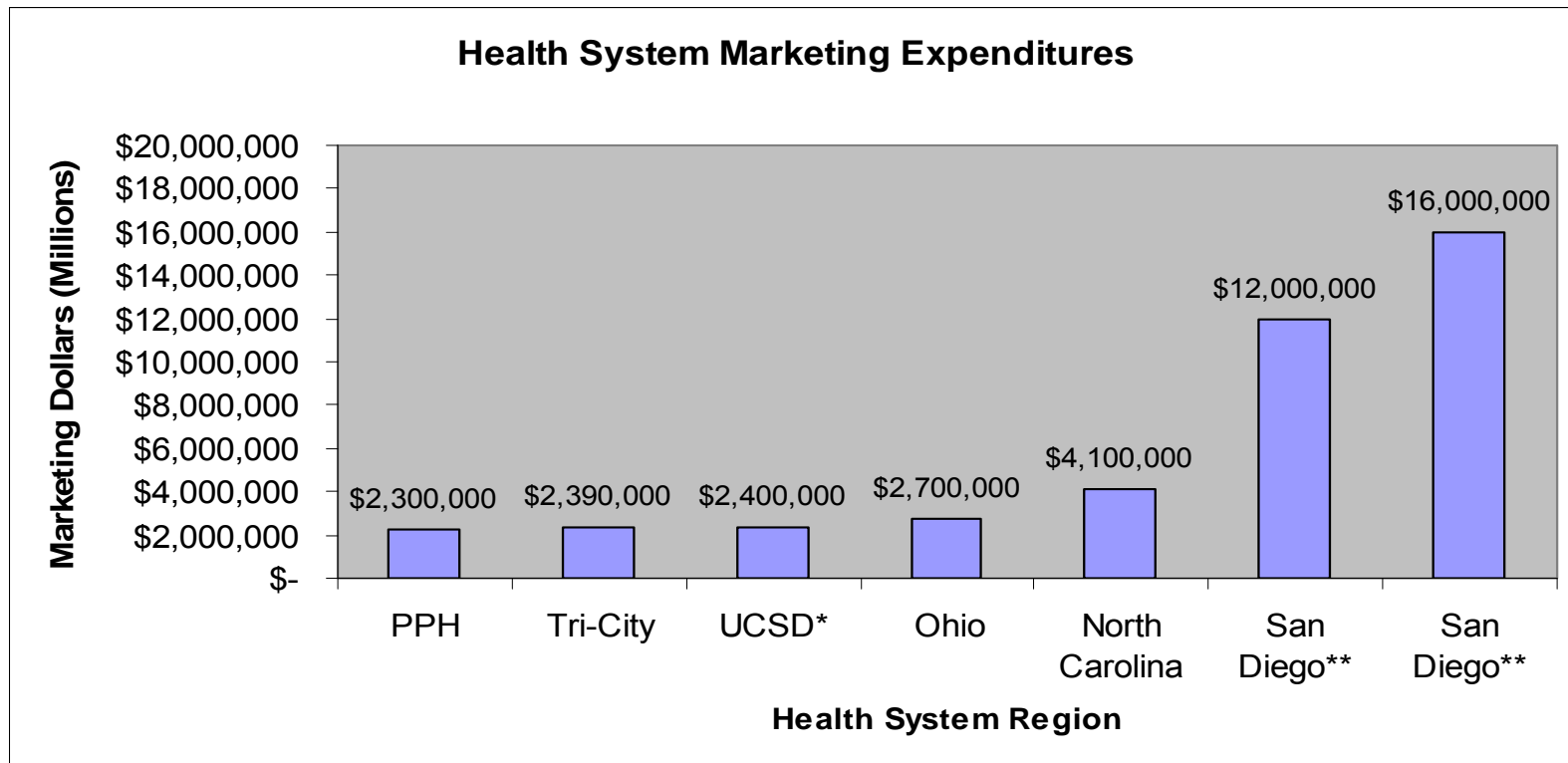
- Individuals
- Visits
- Total Charges
- Expected Amount Received
- Actual Amount Received
- Contribution Margin



	Individuals	Visits	Total Charges	Expected Amount Received	Actual Amount Received	Contribution Margin
Burns	22	34	\$42,890.40	\$34,312.32	\$14,753.40	\$2,144.43
Cardiac Surgery	68	111	\$17,603,000.20	\$14,082,400.16	\$4,208,871.70	\$880,149.74
Cardiology	1,671	4,831	\$41,349,458.90	\$33,079,567.12	\$9,374,174.10	\$2,067,460.25
Ent	1,202	1,866	\$7,637,497.30	\$6,109,997.84	\$2,195,645.00	\$381,870.86
Endocrinology	647	1,361	\$6,450,907.80	\$5,160,726.24	\$1,215,732.50	\$322,542.22
Gastroenterology	1,900	3,424	\$30,080,409.60	\$24,064,327.68	\$6,726,786.00	\$1,504,012.13
General Medicine	8,573	18,163	\$48,600,623.20	\$38,880,498.56	\$11,977,751.10	\$2,429,986.59
General Surgery	1,093	2,165	\$44,081,183.80	\$35,264,947.04	\$10,460,948.80	\$2,204,053.77
Gynecology	530	860	\$8,009,688.60	\$6,407,750.88	\$2,316,356.80	\$400,482.33
Hematology	424	1,163	\$3,406,420.00	\$2,725,136.00	\$864,331.30	\$170,317.69
Neonatology	134	281	\$2,306,162.90	\$1,844,930.32	\$647,604.70	\$115,307.49
Nephrology	32	50	\$1,567,042.70	\$1,253,634.16	\$407,557.10	\$78,352.05
Neurology	780	1,532	\$20,875,463.00	\$16,700,370.40	\$4,672,947.60	\$1,043,769.49
Neurosurgery	407	702	\$13,157,867.80	\$10,526,294.24	\$2,674,262.40	\$657,891.55
Normal Newborn	317	430	\$1,075,692.10	\$860,553.68	\$172,829.80	\$53,783.82
Obstetrics	871	3,196	\$13,319,882.70	\$10,655,906.16	\$3,990,815.20	\$665,986.41
Oncology	517	1,419	\$12,457,950.00	\$9,966,360.00	\$3,377,773.70	\$622,894.11
Ophthalmology	213	313	\$701,652.40	\$561,321.92	\$160,872.30	\$35,081.96
Orthopedics	2,368	4,371	\$44,961,257.40	\$35,969,005.92	\$11,914,761.10	\$2,248,051.99
Other	2,490	4,997	\$13,929,557.70	\$11,143,646.16	\$1,679,153.90	\$696,467.74
Plastic Surgery	19	40	\$913,607.70	\$730,886.16	\$300,453.20	\$45,680.35
Procedures For Obesi	28	41	\$2,310,222.40	\$1,848,177.92	\$597,376.80	\$115,511.03
Psychiatry	664	1,626	\$8,310,231.40	\$6,648,185.12	\$1,751,300.10	\$415,507.34
Pulmonary	803	1,792	\$31,241,593.70	\$24,993,274.96	\$6,220,005.00	\$1,562,074.94
Rehabilitation	1,050	2,891	\$10,893,064.40	\$8,714,451.52	\$2,999,826.10	\$544,650.16
Spine	106	178	\$12,196,408.30	\$9,757,126.64	\$2,700,347.40	\$609,820.00
Substance Abuse	3	3	\$76,985.00	\$61,588.00	\$18,858.70	\$3,849.24
Thoracic Surgery	26	38	\$3,631,600.10	\$2,905,280.08	\$533,383.00	\$181,579.93
Transplant	820	1,319	\$8,315,576.00	\$6,652,460.80	\$2,211,067.70	\$415,775.60
Trauma	370	572	\$9,384,104.60	\$7,507,283.68	\$2,126,537.90	\$469,203.93
Urology	1,286	2,813	\$13,326,308.10	\$10,661,046.48	\$3,535,782.20	\$666,308.03
Vascular Surgery	283	747	\$8,762,211.50	\$7,009,769.20	\$1,651,857.90	\$438,108.32



Average Health System Marketing Expenditures



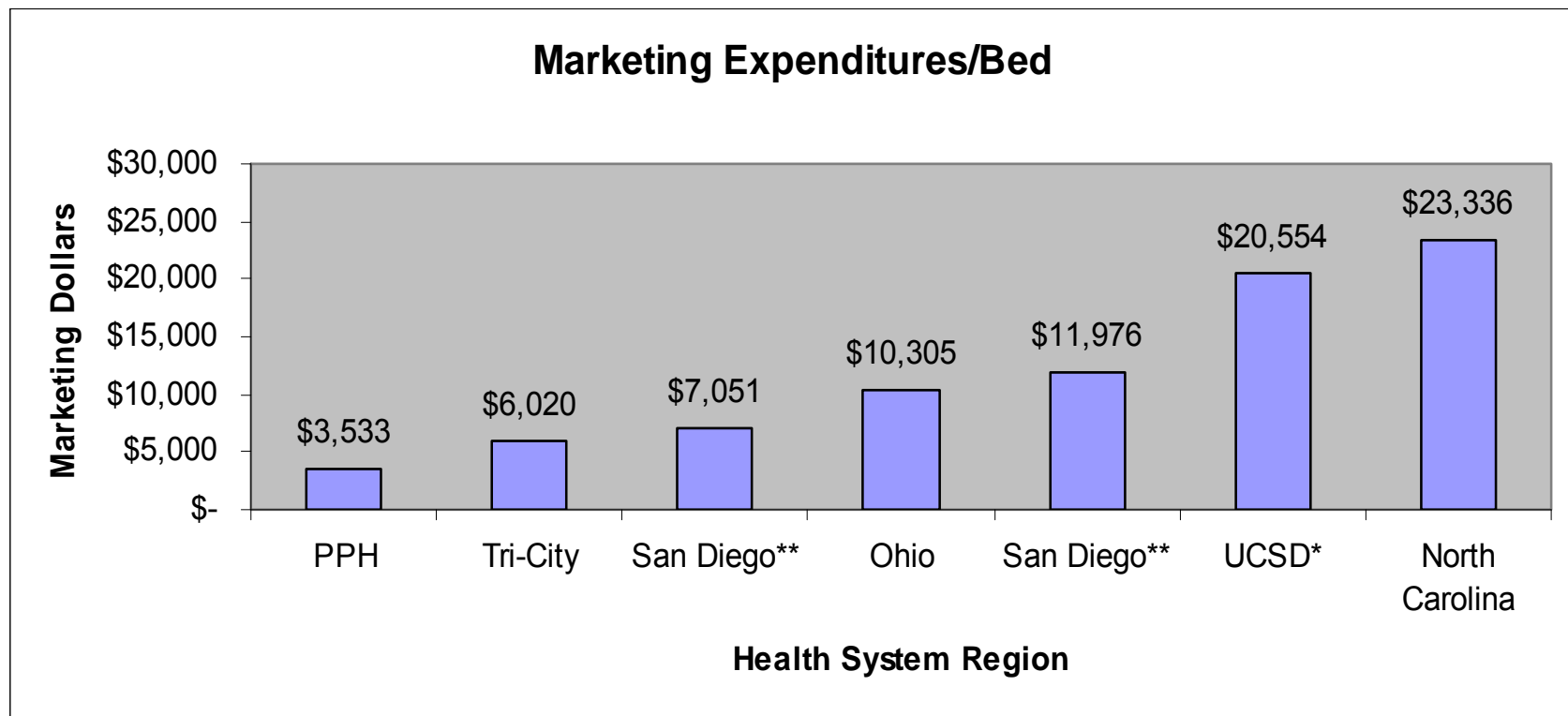
*Only includes media buys

**Assumption based on previous FY budgets





Marketing Expenditures per Bed



*Only includes media buys

**Assumption based on previous FY budgets





expresscare YTD Financials

Actual Loss

\$570,790

Budgeted Loss

\$277,000

Variance

(\$293,790)



Period Ending April 2009

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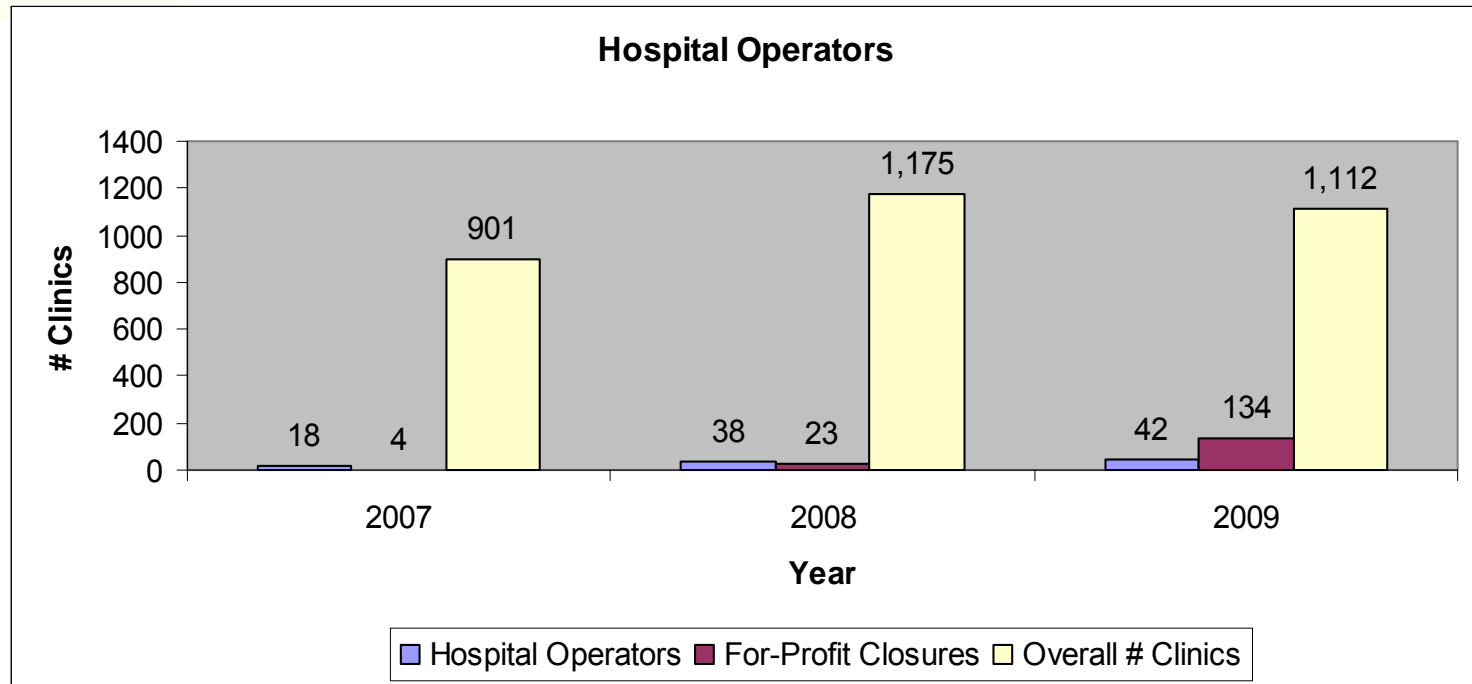
Paradigm Shift

- Reduction in # of clinics nationwide
 - CVS purchase of Longs Drugs (Quick Health)
 - MinuteClinic seasonal closures
- Hospital systems entering, for-profits exiting
- Wal-Mart's Hospital partnership strategy
- Cleveland Clinic/MinuteClinic partnership





Hospital Entrance, For-Profit Exit



“Hospitals view the collaborations as a means of expanding their business...”
 - *New York Times* (2009)

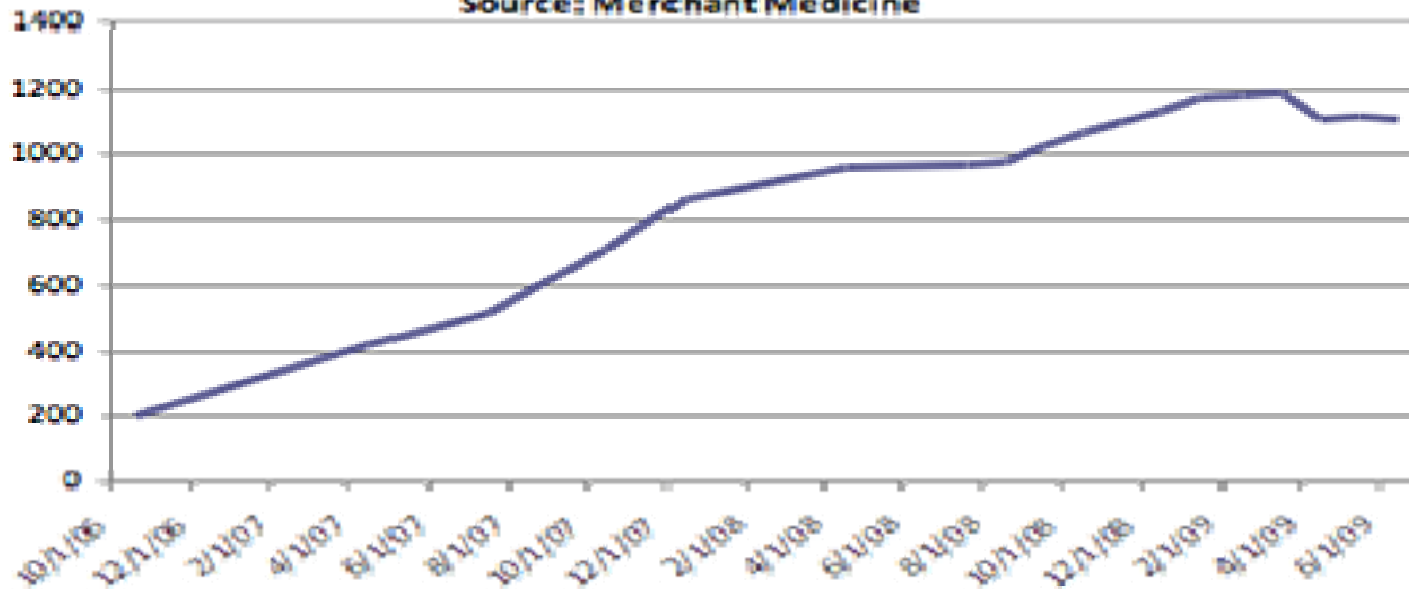
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State of the Industry

Retail Clinics in the United States

Source: Merchant Medicine





Obama Healthcare Reform



Macroeconomics of healthcare

Increasing premiums, uninsured & deductibles
Fewer physicians & Access Issues
New Technology = ↑ Costs
Costs Increases > Inflation

Reduction in healthcare premiums

Universal coverage

Additional access required
Longer wait times possible
Full physician panels

Preventative Care

Screenings and Nutrition

Electronic Health Records



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Why Expand?

Entry into new markets at low capital costs

- Contracting Clout
- Greater Visibility
- Increase Market Presence
- Economies of Scale
- Physician Referrals
- Patient Satisfaction
- Enhance SUPERVALU Partnership





Partnership



- Facilities Master Plan Assistance
 - Outpatient Pharmacy Construction & Lease
 - Retail Space Construction & Operations
- Corporate Health Services (4 stores, 4 pending)
 - New client for work-related injuries
 - Discussions: pre-employment and drug testing
- Non-district area expansion opportunities (Oceanside, San Elijo Hills)
- Retail pharmacy collaborations
- Ramona Satellite Center
 - Future prescription delivery services



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FY10 Planned Strategies

- Insurance Contracts Campaign
- Employer Strategy with Corporate Health
- Service Expansion
 - Smoking Cessation Program
 - Nutritional Counseling
 - Vascular Screenings
- Marketing and Branding
 - Co-branded campaigns with Supervalu
 - Screening and Vaccinations Campaigns





“2009 and beyond will reward those who have been patient.”

- Tom Charland
Chief Executive Officer
Merchant Medicine, LLC



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Questions?



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