

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

Innovation Offices
15255 Innovation Drive, Escondido, CA 92128
Conference Room B & C
October 21, 2008, Meeting Minutes

AGENDA ITEM	DISCUSSION	CONCLUSION / ACTION	FOLLOW-UP
CALL TO ORDER	6:05 p.m. by Alan Larson, MD, Chair		
ESTABLISHMENT OF QUORUM	Present: Directors Larson, Bassett, Greer, Krider, Kleiter, Rivera Excused: Director Bailey		
ATTENDANCE	Also in attendance were: Michael Covert, Bob Hemker, Sheila Brown, Steve Gold, Dr. Frank Martin, Lorie Shoemaker, David Tam, Dr. Ben Kanter, Dr. John Lilly, Brenda Turner, Lorraine Gilbert Guests: Virginia Barragan, Susan Linback, Sergei Shvetzoff, Kathy Knight, Dr. Esmaeili		
NOTICE OF MEETING	The notice of meeting was mailed consistent with legal requirements.		
PUBLIC COMMENTS	No public comments were noted.		
MINUTES	A. Larson asked for approval of the September 9, 2008, Strategic Planning Committee/Board of Directors meeting.	Motion by: L. Greer 2 nd by A. Larson: Motion carried	
Action Item: Long Term Care <i>Presenter: Steve Gold Sergei Shvetzoff</i>	Health Dimensions Group presented a PowerPoint presentation on Skilled Nursing Facility recommendations and financial implications. Recommendation included: 1. The building of a new post-acute facility with a 222 bed capacity on the Palomar East campus to accommodate additional demand and replace PCCC beds. 2. Closing PCCC, dedicating 64 beds at the new Palomar East, and the expansion of Villa Pomerado from 129 beds to 149 beds; including conversion and transition of adult geriatric outpatient and increasing sub-acute beds from 20 to 32. Financial projections / implications for the new facility included: 1. IRR, Net present value, capital investment, start-up capital, net present value, depreciated SNF, NVP + asset, 10-year total net income, operational margin and 10-year total EBIDA data.	Presentation is posted in the Board folders on the Leadership drive.	

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	<ol style="list-style-type: none"> Financial: build verse lease (cash flow variances) Critical assumptions: excluded the value of PCCC facility sale; conservative construction costs; build vs. lease does not look beyond ten years; management fee is for direct expenses only, excluding system allocation; not transferring the balance sheet of the existing PCCC facility which if transferred would alter start-up operational requirements. Krider asked what type of interest rate PPH would be looking at. A good credit rating would receive a lower rate, probably less than 10%. <p>Steve Gold provided a brief overview of the history of Villa Pomerado beds. Villa Pomerado – 20 bed expansion information included:</p> <ol style="list-style-type: none"> A financial analysis: Assumptions Projected 7-year income statement Alternative space is being considered for the outpatient services that would be discontinued at Villa Pomerado. By moving to San Marcos, Poway patients would be lost. 		
Informational: Rehab Plan <i>Presenter: Virginia Barragan Kathy Knight, Rehab Care Rachael, Vital Care Dr. Esmaeili</i>	<ol style="list-style-type: none"> Virginia Barragan presented the PPH Rehabilitation Services Vision and an overview of Rehab plans across the district. She provided an overview of the strategic development process, including the national definition of rehabilitation services. Current PPH rehabilitation services, specialties, and current collaborative efforts were outlined. National trends and best practice models were discussed and compared with the PPH best practice model Current market strengths and weaknesses, threats, and opportunities were defined including a competitive analysis of three area facilities Data on PPH Rehab growth trends, and national growth projections was shared. Outpatient projected growth, and expansion potential data was also presented. Data for Inpatient post-acute services, IRF projections, LTACH projections, sub-acute projections and a summary of inpatient post acute services was included. Lastly, V. Barragan discussed planned program specialties / business expansions for PPH. M. Covert noted that potentially the McCloud tower could become a home for future rehab programs. 	<p>Presentation is posted in the Board folders on the Leadership drive.</p>	
Informational: Behavioral Medicine Plan <i>Presenter: Susan Linback Dick Woodward via WebEx</i>	<ol style="list-style-type: none"> Susan Linback and Richard Woodward of Diamond HealthCare presented information on a system-wide strategic assessment relative to the PPH geographic market area with the intent of identifying new programs and growth opportunities for behavioral health worthy of consideration over the next three to five years. Data was presented on the behavioral health operating environment: at the 	<p>Presentation is posted in the Board folders on the Leadership drive.</p> <p>Next steps:</p>	

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	<p>national level, and within California. Patient volume is expected to increase. However, in California psychiatric beds have decreased 31% since 1995 largely due to low reimbursement rates.</p> <ol style="list-style-type: none"> 3. Major findings concluded there are insufficient coordination, collaboration and support within PPH regarding development of behavioral health as a valued service-line. Data supporting this statement was presented. 4. Major issues and considerations regarding behavioral health at PPH were discussed as well as considerations impacting behavioral health strategic development. A strategy needs to be developed to attract physicians as dedicated members of the PPH medical staff. 5. PPH has two distinct inpatient psychiatric programs. The PPH market share within the entire San Diego County market for 2006 was 35% overall. The PPH market is projected to grow by 8.2% by 2011. 6. PPH also has two distinct outpatient programs. Medicare dictates that a physician be available to the patients; PPH programs need to be moved back into the hospital setting which will allow for other reimbursements. 7. Major issues and considerations include addressing the configuration / location of inpatient beds and outpatient services. Suggestion made to focus the development of services on the Palomar East campus rather than within the new Palomar West campus. The change of the gero-unit at Pomerado will be driven by the need for med-surg beds. 8. Three options for establishing behavioral health as a distinct service-line within PPH were outlined. <ol style="list-style-type: none"> a. Reallocation of the 12-bed low functioning geropsychiatric unit at Pomerado to Palomar Medical Center. Convert the vacated space at Pomerado Hospital to med-surg beds. Relocate the existing geropsychiatric outpatient services to San Marcos, possibly adding child/adolescent services. Also develop a hospitalist physician model. Direct contribution margin = \$1,753,906 b. Establishment of a 12-bed dual diagnosis unit (PTSD and substance use) in unused beds at Palomar. Maintain an existing low-functioning medical-geropsychiatric inpatient unit at Pomerado. Relocate existing geropsychiatric outpatient services to San Marcos with possible child / adolescent services. Military personnel may be courted for this model. Direct contribution margin = \$1,389,200 c. Establishment of a 12-bed dual diagnosis unit (PTSD and substance use) in unused beds at Palomar. Discontinue existing low-functioning medical-geropsychiatric inpatient unit at Pomerado. Convert vacated space at Pomerado into med-surg beds. Direct contribution margin = \$1,713,641 9. T. Kleiter asked if there is a problem mixing the adult geropsychiatric population with military patients. Answer: This would not be recommended due to the frail condition of the elderly patient. Current environmental unit lay-out provide for separation of the patients. 10. M. Covert looks at the options presented as short term fixes. M. Covert is 	<p>Additional discussion internally relative to the initial steps proposed.</p>	

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	<p>also looking for long term solutions.</p> <p>a. Dick Woodward stated that the options presented would be Phase 1 in the development of psychiatric programs.</p> <p>11. D. Tam questioned the need for military to avail themselves of public facilities since military facilities have expanded their facilities to accommodate returning military needs.</p> <p>12. B. Hemker asked what the length of commitment would be for these patients. The response was 5 to 10 years.</p> <p>13. T. Kleiter asked if projections for adult bed need over the next 5-10 years. Response: 200 to 270 beds.</p> <p>14. A. Larson would like to know the projected need for med-surg beds at Pomerado Hospital. If services are terminated in Poway, how would they accept transitioning to Palomar?</p> <p>15. This issue will be more prominent in the years to come. More in depth conversations will need to occur.</p> <p>16. N. Bassett questioned how current psychiatric physicians would accept a hospitalist program. Dr. Signer noted that currently there are only two physicians available at Pomerado. He also feels that if the program is closed at Pomerado it will move to Aurora and not return.</p>		
Committee Member Comments (If any)	1.		
Final Adjournment	A. Larson, Chairperson, adjourned this meeting at 8:15 p.m.		

SIGNATURES

- Committee Chairperson

Allan Larson

- Committee Secretary

Lorraine Gilbert