

**BOARD FINANCE COMMITTEE MEETING
ATTENDANCE ROSTER & MEETING MINUTES
CALENDAR YEAR 2009**

MEMBERS	MEETING DATES:										
	1/27/09	2/24/09	3/31/09	4/28/09	5/26/09	6/30/09	7/28/09	8/25/09	9/29/09	10/27/09	12/8/09
NANCY BASSETT, R.N.	P	P	P	P							
TED KLEITER – CHAIR	P	P	P	P							
MARCELO RIVERA, M.D.	P	E	P	E							
MICHAEL COVERT, FACHE	P	P	P	P							
FRANK MARTIN, M.D.	P	P	P	P							
JOHN LILLEY, M.D.	P	P	P	P							
<i>BRUCE KRIDER – ALTERNATE</i>		P	G	E							
<i>LINDA GREER, R.N. – 2ND ALTERNATE</i>			G	P							
<i>– 3RD ALTERNATE</i>											
<i>– 4TH ALTERNATE</i>											
STAFF ATTENDEES											
BOB HEMKER	P	P	P	P							
GERALD BRACHT	P	P	P	P							
DAVID TAM	P	P	P	P							
TANYA HOWELL – SECRETARY	P	P	P	P							
INVITED GUESTS	SEE TEXT OF MINUTES FOR NAMES OF GUEST PRESENTERS										

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, APRIL 28, 2009

1. AGENDA ITEM

DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
-------------------	--------------------------	------------------------------------	---------------

CALL TO ORDER

- The meeting – held in the Conference Room at 456 E. Grand Avenue, Escondido, CA – was called to order at 6:03 p.m. by Chair Ted Kleiter
- Chairman Kleiter stated that he was moving agenda items around to accommodate guests (*new order reflected via topic order in minutes*)

ESTABLISHMENT OF QUORUM

- See roster

PUBLIC COMMENTS

- There were no public comments

INFORMATION ITEM(S)

<ul style="list-style-type: none"> • CSUSM Lease Renewal <ul style="list-style-type: none"> o Bob Hemker stated that it is about time for renewal of the lease, and both parties desire a renewal <ul style="list-style-type: none"> ▪ Extension of the \$1 lease, with CSUSM covering operational expenses o CSUSM would like to see the lease extended to the end of the 2012 program year end o Also discussing other viable options 	Information Only	Information on lease forwarded to the May 11, 2009, Board of Directors meeting as Information	Y
--	-------------------------	---	----------

1. MINUTES – MARCH 31, 2009

<ul style="list-style-type: none"> • No discussion. 	<p>MOTION: By Director Bassett, seconded by Director Greer carried to approve the minutes of the March 31, 2009, Board Finance Committee meeting as presented. All in favor. None opposed.</p>		Y
--	---	--	----------

2. EMERGENCY ON-CALL AGREEMENT – MARAM F. ZAKKO, M.D. – GASTROENTEROLOGY SERVICES AT POM

<ul style="list-style-type: none"> • Dr. David Tam stated that the agreement utilizes the standard template <ul style="list-style-type: none"> o Same as agreement as those approved last month for Dr. Lee & his medical group o Does not increase costs • Michael Covert requested that the abstract table be corrected to read “gastroenterology”, not “ophthalmology” 	<p>MOTION: By Director Bassett seconded by Director Greer and carried to recommend approval of the one-year [May 1, 2009 to April 30, 2010] Emergency On-Call Agreement for Gastroenterology Services at POM with Maram F. Zakko, M.D. All in favor. None opposed.</p>	Forwarded to the May 11, 2009, Board of Directors meeting with a recommendation for approval	Y
--	--	--	----------

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, APRIL 28, 2009

1. AGENDA ITEM			
DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
3. PRACTICE RECRUITMENT AGREEMENT – THOMAS A. JONES, M.D., A PROFESSIONAL CORPORATION, AND BRIAN A. LINK, M.D. - UROLOGY			
<ul style="list-style-type: none"> • Lisa Hudson stated that the agreement utilizes the standard template <ul style="list-style-type: none"> ○ Dr. Link is a robotic urologist ○ Will be joining Dr. Jones’ practice in Escondido on August or September 1st 	<p>MOTION: By Director Bassett seconded by Director Greer and carried to recommend approval of the Practice Recruitment Agreement Among PPH, Thomas A. Jones, M.D., A Professional Corporation, and Brian A. Link, M.D. All in favor. None opposed.</p>	Forwarded to the May 11, 2009, Board of Directors meeting with a recommendation for approval	Y
4. HEALTH DEVELOPMENT (HD) AND RESEARCH INSTITUTE (RI) YTD FINANCIAL REPORTS			
<ul style="list-style-type: none"> • Bob Hemker stated that Brad Wiscons would be making a presentation (<i>utilizing Addendum C in the agenda</i>) on the financial performance of Health Development (HD), pursuant to a request by the PPH Board <ul style="list-style-type: none"> ○ HD is a separate legal entity from PPH; PPH is the sole member ○ The HD Board consists of 3 PPH Board members, plus CEO Michael Covert and CFO Bob Hemker ○ PPH is required under accounting principals to consolidate their financial performance into PPH ○ HD has an interest-bearing Line of Credit (LOC) from PPH • Brad Wiscons stated that he had made a similar to presentation made to the HD Board at their meeting last month <ul style="list-style-type: none"> ○ He ended that presentation with statement that were he sitting on that Board, he would have made the decision that HD’s business plan was not viable • ADD C-3 presents a lifetime analysis of revenues and expenses <ul style="list-style-type: none"> ○ HD takes in grants and provides the services associated with those grants <ul style="list-style-type: none"> ■ Many grants were pre-existing prior to the incorporation of HD, including Welcome Home Baby ○ The District has provided over \$6.5M of services over time due to grants program <ul style="list-style-type: none"> ■ There is, however, an accumulated \$2M loss for HD during its existence • ADD C-4 compares net losses to budgeted losses <ul style="list-style-type: none"> ○ Projected to lose money the first several years ○ FY 06-07 did better than budgeted, so lost less than projected • ADD C-5 demonstrates a 1:3 ratio of dollars invested to gross dollars received <ul style="list-style-type: none"> ○ Good ratio and return on investment (ROI) • ADD C-6 <ul style="list-style-type: none"> ○ Row # 3 shows how much it costs the District to have HD administer grants 	Information only	Forwarded to the May 11, 2009, Board of Directors meeting as information	N

1. AGENDA ITEM

• DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
<ul style="list-style-type: none"> o Typical numbers as seen in other hospitals <ul style="list-style-type: none"> ■ Grant entities are generally set up as overhead organizations, not as revenue-generating o When we started HD, we committed to break even within the first 5 years <ul style="list-style-type: none"> ■ We did not meet that commitment o Losses the first couple of years were lower as there were no budgeted expenses o LOC is approximately \$2M • 30% of grant-driven organizations have stopped doing business because the grants are drying up <ul style="list-style-type: none"> o Market conditions have affected grantors <ul style="list-style-type: none"> ■ CA Endowment is an example as the second largest grantor in the United States <ul style="list-style-type: none"> ▲ Created when Blue Cross divested itself into a for-profit ▲ Now providing funding only for services to patients and community opportunities ▲ Not funding any strategic initiatives o Best prediction is it will be worse before it gets better • ADD C-7 shows that the Research Institute's (RI) net revenues did not support their expenses for their first year • ADD C-9 to C-11 show that both HD and RI have negative variances to budget again this year • HD was initially conceived to become revenue-generating within five years <ul style="list-style-type: none"> o That has not occurred and is not now a viable solution for at least the next two years • Bob Hemker stated that we must assess the situation as part of the budgeting process for FY10 <ul style="list-style-type: none"> o Current model isn't working, and probably isn't going to work o Is there a different business model under which HD and RI can operate or do the organizations need to be terminated? o Need to look at the large amount of gross dollars of which District has taken advantage for which HD wasn't receiving any credit o HD Board is well aware of the potential action o Current grant obligations must be adhered to and run through to termination <ul style="list-style-type: none"> ■ We should be able to run any grants that have renewable opportunities through a different operating solution ■ Would work in conjunction with PPHF to administer facility-related grants o Recommendation would be made in conjunction with the FY2010 operating budget presentation, back either to the Finance Committee or to the Board Budget Workshop <ul style="list-style-type: none"> ■ Any change would be effective July 1st ■ Will be a recommendation not only for HD but for all entities with which it is associated 			

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, APRIL 28, 2009

1. AGENDA ITEM			
DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ■ Most of the staff are already housed within District departments (e.g., Finance, Welcome Home Baby, etc.), but some are strictly HD/RI employees • Michael Covert stated that, should HD be terminated, the District would hold onto the shell of the 501(c)3 corporation 			
5. CONSULTANT AGREEMENT – THE GILBANE BUILDING COMPANY – PMC-WEST TRANSFORMATION/OCCUPANCY/RELOCATION PLANNING SERVICES			
<ul style="list-style-type: none"> • Bob Hemker & Marcia Jackson presented an update on the agreement, which was approved at the April 13th Board Facilities & Grounds Committee, which was held as a full Board meeting. <ul style="list-style-type: none"> o Transformation services are part of the Facilities Master Plan (FMP) o As staff began reviewing how the agreement would be administered, it was felt that a clarification regarding expenditures associated with that administration was in order <ul style="list-style-type: none"> – Some parts of the transformation cost would be capitalized – Some would become a part of the operational budget <ul style="list-style-type: none"> 1) Between \$50K and \$70K would be expensed to the operating budget for the remainder of FY09 o Michael Covert stated that the agreement covers several years, and the Board will be informed each year which part is capital and which part is operational o All Board members have seen and discussed the agreement and the services provided therein 	<i>Information only</i>		Y
6. CENTER FOR HEALTHCARE (CFHC) ELECTRONIC HEALTH RECORD (EHR) DONATION AND CONTRIBUTION AGREEMENT			
<ul style="list-style-type: none"> • Bob Hemker stated that the agreement would provide assistance to CFHC for the acquisition of EHR software <ul style="list-style-type: none"> o Follows the guidelines of what we, as a District, can/cannot do under regulatory guidelines o Has been researched by Dr. Trifunovic & Janine Sarti • Dr. Trifunovic stated that Stark now allows health systems to pay up to 85% of the software costs associated with EHR <ul style="list-style-type: none"> o Negotiated for PPH to pay 75%, with a total maximum cost the first year of \$336K – just for software costs o There are also financial protections in place o Will be utilizing NextGen EHR • There are stipulations in safe harbors that if a hospital assisted a medical group in the acquisition of EHR, the hospital has a right to their data <ul style="list-style-type: none"> o Contract does state we have full access • The contract in the agenda packet was substantially the same as the final contract, which has now been negotiated <ul style="list-style-type: none"> o There was a minor point of clarification with regard to §8.1.c. o Final contract will be included in the Board packet 	<p>MOTION: By Michael Covert seconded by Dr. Martin and carried to recommend approval of the Agreement as presented. All in favor. None opposed.</p>	Forwarded to the May 11, 2009, Board of Directors meeting—along with a copy of the final contract—with a recommendation for approval	Y

1. AGENDA ITEM			
• DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
7. FRIENDLY PC (PROFESSIONAL CORPORATION) BUSINESS MODEL			
<ul style="list-style-type: none"> • Bob Hemker stated that management is in strategic discussions regarding assuring physician alignment and infrastructure. In reviewing community-based strategies for physician recruitment—including a formalized model of a physician foundation—we are evaluating the options available. In between recruitment & foundation are the tools for a Friendly PC model and a 1206(d) clinic-type model. We have the opportunity to take advantage of a Friendly PC model. • Friendly physician – we cannot under corporate practice of medicine structure have employed physicians, but this allows that opportunity <ul style="list-style-type: none"> o Should the friendly physician become unfriendly, the corporation would be returned to the District and given to a replacing friendly physician o Current situations in play allow us to solicit existing relationships and market opportunities that we don't want to put at risk o Lost-cost, low-risk opportunity o Can be left in play, but could also evolve into a foundation structure o Not required to go either way o Timely and low-cost, with working capital advances o In this case, EHR is not included, but there is a practice management software o Anticipates they will break even, with a 90 to 120-day turnaround for billings • What is structure for recapitalization? <ul style="list-style-type: none"> o Professional corporation owned by Dr. Trifunovic, as the Friendly PC o Registered with the medical board o 2 basic agreements – arms length but strong alignment with the District <ul style="list-style-type: none"> ■ Management Agreement and Succession agreement ■ Loan structure hasn't yet been formally memorialized <ul style="list-style-type: none"> ▲ Will be under the same loan structures as recruitment agreements ■ Covers their own malpractice insurance, etc. o Goal is to break even, with dollars brought in, then expensed at the end of the day <ul style="list-style-type: none"> ■ Estimates about 3 years to bring the line of credit down to zero • Counsel Janine Sarti stated that Linda Greer doing the coding for one of the groups does not constitute a conflict of interest in her vote 	<p>MOTION: By Director Bassett seconded by Director Dr. Martin and carried to recommend approval of the business model as presented. All in favor. None opposed.</p>	<p>Forwarded to the May 11, 2009, Board of Directors meeting with recommendation for approval.</p> <ul style="list-style-type: none"> • Status report to be provided to the Board after the group has been operating for a few months 	<p>N</p> <p>10/09</p>
8. CERNER OPTIMIZATION			
<ul style="list-style-type: none"> • Utilizing the presentation included as Addendum D in the agenda packet, Steve Tanaka, provided an update on the final stages of the Cerner Optimization project which is scheduled to go live on April 30th. Final project closure is slated for May 31st, and the project is expected to come in on budget. 	<p><i>Information Only</i></p>	<p>Forwarded to the May 11, 2009, Board of Directors meeting as information.</p>	<p>Y</p>

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, APRIL 28, 2009

1. AGENDA ITEM

• DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
---------------------	--------------------------	------------------------------------	---------------

9. CERNER REMOTE HOSTING OPTION (RHO)

<ul style="list-style-type: none"> • Utilizing the presentation included as Addendum E in the agenda packet, Steve Tanaka, recommended that the Board approve a Remote Hosting Option (RHO) model for the District's data center <ul style="list-style-type: none"> o Benefit over next 7 years of \$3.7M o Better business continuity/disaster recovery capability in our region, especially as we move more and more to the EHR <ul style="list-style-type: none"> ■ Redundant connections to our Wide Area Network (WAN) <ul style="list-style-type: none"> ■ In the event both connections fail, there would be devices in nurse's stations w/clinical needs for immediate care <ul style="list-style-type: none"> ▲ Secure access ▲ Information refreshed every 2 minutes ■ Redundancy in Kansas City <ul style="list-style-type: none"> ▲ 2 copies of the database in 2 separate data centers ▲ N+1 redundancy ▲ Tier 5 data centers <ul style="list-style-type: none"> (a) In a bunker, and built to sustain hurricanes ■ Negotiated a 99.99% up-time <ul style="list-style-type: none"> ▲ Includes both scheduled and unscheduled down times ▲ Performance & response times are built in based on the long-term roadmap ■ Since current system went live in 2004, when our system goes down, we have no access to that electronic data <ul style="list-style-type: none"> ▲ We cannot now afford any downtime, planned/otherwise o Outsourcing will cause the loss of 3 staff members o \$24M for PPH owned/managed does not include the potential, as-yet-undefined cost of having to build a data center <ul style="list-style-type: none"> ■ Would eventually be required if not outsourced 	<p>MOTION: By Director Greer seconded by Dr. Lilley and carried to recommend approval for the outsourcing of the PPH Cerner data center services to the Cerner Corporation. All in favor. None opposed.</p>	<p>Forwarded to the May 11, 2009, Board of Directors meeting with recommendation for approval.</p>	<p align="center">Y</p>
---	--	--	--------------------------------

10. CERNER FIXED TECHNOLOGY FEE EXTENSION FOR EHR PROJECTS

<ul style="list-style-type: none"> • Utilizing the presentation included as Addendum F in the agenda packet, Steve Tanaka, CIO, recommended that the Board approve the extension of the Cerner Master Fixed Technology Fee (FTF) Agreement through the year 2016 <ul style="list-style-type: none"> o Strategic projects supported in the FTF are listed on ADD F-7 o The optional strategic projects are included within the agreement <ul style="list-style-type: none"> ■ Can choose to execute them or not ■ Discounted price if utilized 	<p>MOTION: By Director Greer seconded by Dr. Lilley and carried to recommend approval for the extension of the Cerner Master Fixed Technology Fee (FTF) Agreement, to include PPH Electronic Health Record (EHR) Projects, through the year 2016. All in favor. None opposed.</p>	<p>Forwarded to the May 11, 2009, Board of Directors meeting with a recommendation for approval.</p>	<p align="center">Y</p>
--	--	--	--------------------------------

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, APRIL 28, 2009

1. AGENDA ITEM

• DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
<ul style="list-style-type: none"> o Total 5-year cost is \$34M <ul style="list-style-type: none"> ■ \$8M ROI is a real number for reduction due to Document Imaging ■ Net cost becomes \$25.86M • Challenge is now to manage this operationally over the next 7 years 			

11. ICOC MID-YEAR MEETING AND RECOMMENDATION FOR OFFICERS FOR FISCAL YEAR 2010

<ul style="list-style-type: none"> • Bob Hemker recognized ICOC member Bill Hoffman in the audience • The ICOC is required to meet annually, and does so. As construction activities are increasing, they have added a mid-year meeting and will have additional meetings as needed. The mid-year meeting was held on April 21, 2009, and Mr. Hemker provided an update from that meeting. • The members reviewed the mid-year expenditures from General Obligation (GO) bonds and agreed to move them forward into their annual report <ul style="list-style-type: none"> o No issues of note were raised o Diligent in reviewing records at the invoice level and raising questions • Following an inquiry into hiring an external auditor to aid the expenditure review, the Board Finance Committee had proposed that the ICOC meet with Chief Audit Officer Tom Boyle and Construction Auditor Jeff Miller to explain their projects <ul style="list-style-type: none"> o Msrs. Boyle & Miller attended the meeting and presented information on the processes they follow when conducting audits of construction expenditures o Presentation was well received, and the members expressed satisfaction with the audit processes being employed to ensure expenditures are both appropriately captured and within reasonable limits o Both gentlemen were invited—and have agreed—to provide updates at future ICOC meetings • The members of the ICOC recommended a slate of officers for appointment by the PPH Board; and the PPH Board has delegated appointment authority for officers of the ICOC to the Chairs of the Board the Board Finance Committee <ul style="list-style-type: none"> o Recommendations for Officers for FY2010 <ul style="list-style-type: none"> ■ Chair – Margaret Moir ■ Vice-Chair – Bill Hoffman ■ Secretary – John Mclver • Mr. Hoffman was thanked on behalf of the ICOC for the work they do • Impending vacancies have been posted <ul style="list-style-type: none"> o May 15th is the scheduled cut-off for applications As of today, there had still been no applications received o Notice was relayed to media outlets, posted at District facilities and on the PPH Web site o Members of the ICOC were also requested to spread the word about the impending vacancies 	<p>Acting Board Chair Linda Greer and Board Finance Committee Chair Ted Kleiter appointed the slate of officers for the ICOC as recommended.</p>	<p>All items forwarded to the May 11, 2009, Board of Directors meeting as information.</p>	<p align="center">N</p>
---	--	--	--------------------------------

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, APRIL 28, 2009

1. AGENDA ITEM

• DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
---------------------	--------------------------	------------------------------------	---------------

12. CRITERIA FOR CAPITAL ALLOCATION

<ul style="list-style-type: none"> • Bob Hemker referenced information contained in Addendum G of the agenda packet • Chairman Kleiter stated that all the information was in the packets and had been presented at recent Board workshops <ul style="list-style-type: none"> o Presented here as information for consideration of the magnitude of initiatives before the Board o Mr. Kleiter sees this group's future purpose for the weighting of financial criteria contained therein 	Chairman Kleiter recommended deferral to the Strategic Planning Committee for further vetting	Forwarded to the May 5, 2009, Board Strategic Planning Committee meeting for discussion.	N
--	---	--	----------

13. MARCH 2009 AND YTD FY2009 FINANCIAL REPORT

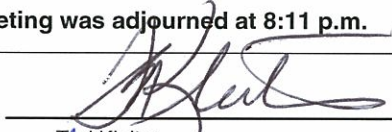
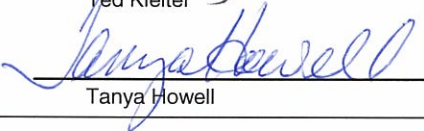
<ul style="list-style-type: none"> • Utilizing the presentation included in the agenda packet as Addendum H, Bob Hemker presented the March 2009 and YTD FY2009 financial statements. Only select slides were presented for discussion. • Highlighted March 2009 <ul style="list-style-type: none"> o Admissions continue to show a negative variance both MTD and YTD o E/R Visits & Admissions show a slightly positive variance to budget for the month, but still have negative variance to budget of almost 1200 o Converse on the ER to Admit Rate, with more urgent care visits driving volume o March was a strong operational month <ul style="list-style-type: none"> ■ Slightly ahead of budget MTD and on track for YTD o Softening of investment income caused a negative variance on total financials for the month • Cash collections were just under \$40M <ul style="list-style-type: none"> o Highest we've seen this year o Did not include Medi-Cal IOU of \$1.3M, which was not paid until April • OEBITDA is up YTD • Births are down YTD at 3850 against a budget of 4014 <ul style="list-style-type: none"> o Down about 7% year on year • Capitation – negative variance to budget <ul style="list-style-type: none"> o On calendar year, so begins to normalize against fiscal year around March o Key is comparison to prior year, which is still positive • Key Variances (ADD H-10-15) <ul style="list-style-type: none"> o Salaries & wages had a negative MTD rate & efficiency variance of \$650K o Supplies show a continued challenge, with a \$900K negative variance MTD <ul style="list-style-type: none"> ■ Prosthetics account for \$520K of the negative variance <ul style="list-style-type: none"> ▲ Still in the outpatient book of business, especially in cardiology ▲ Includes stents, across the spectrum of type ▲ We are monitoring cost per case and the number used per case 	<p>MOTION: By Director Greer seconded by Dr. Martin and carried to recommend approval of the Financial Report for March 2009 and YTD FY2009 as presented. All in favor. None opposed.</p>	Forwarded to the May 11, 2009, Board of Directors meeting with a recommendation for approval.	Y
---	--	---	----------

1. AGENDA ITEM

• DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
<ul style="list-style-type: none"> ■ Blood Bank supplies are also up significantly with a \$182K negative variance to budget o Purchased Services showed an overall positive variance of \$615K MTD <ul style="list-style-type: none"> ■ Medi-Cal eligibility services shows a \$193K negative variance to budget <ul style="list-style-type: none"> ▲ We pay for services to help facilitate obtaining Medi-Cal eligibility ▲ Beneficial as we receive Medi-Cal revenues to somewhat offset the costs o Other Direct Expenses had an overall positive variance of \$156K MTD <ul style="list-style-type: none"> ■ Utilities showed a total negative variance of \$65K as they are budgeted on a smooth basis o Investment income again showed a negative variance to budget for the month <ul style="list-style-type: none"> ■ Have already seen some improvement in April o YTD Net Revenue showed a positive variance of \$4.3M o Salaries & Wages had a \$2.3M positive variance, but Contract Labor had a \$3M negative variance, for an overall YTD negative variance of \$700K for labor o Benefits <ul style="list-style-type: none"> ■ Group Health Insurance showed a negative variance of \$900K YTD <ul style="list-style-type: none"> ▲ Budgeted on a calendar year basis ▲ This is the first quarter the rate change hit ■ Higher deductibles or plan offerings are being reviewed for next fiscal year • Cash on hand has a positive variance of \$11M year-on-year • YTD Income Statement <ul style="list-style-type: none"> o Admissions are still down about 5.6% o Patient days are down about 3% o Adjusted discharges are right on budget o Bottom bottom line shows a negative \$1.5M variance to budget <ul style="list-style-type: none"> ■ Losses in investment income brought non-operating income to a negative \$1.9M variance • Comparison to prior year <ul style="list-style-type: none"> o Admissions are down 6.6% o Adjusted discharges are flat lined o Net revenues are up about \$12M against a flat line book of business o Salaries & Wages showed a favorable variance of \$71K, so we did absorb inflation o Supplies had a negative variance of \$2.5M, virtually all prosthetics o \$9M operating income improvement year on year o Bottom bottom line reflects a \$5.6M improvement year on year <ul style="list-style-type: none"> ■ Driven down by investment income o OEBITDA is just under 10% 			

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, APRIL 28, 2009

1. AGENDA ITEM

• DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
<ul style="list-style-type: none"> • Very important quarter – definitely positioned where we need to be • Fourth quarter becomes critical as we go into budgeting process. 			
ADJOURNMENT	The meeting was adjourned at 8:11 p.m.		
SIGNATURES:			
• COMMITTEE CHAIR	 _____ Ted Kleiter		
• COMMITTEE SECRETARY	 _____ Tanya Howell		