

**Palomar Pomerado Health
INTERNAL AUDIT & COMPLIANCE
BOARD SUB-COMMITTEE MEETING**

PPH Corporate Building

456 E. Grand Ave.

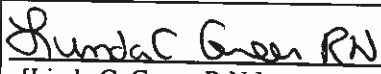

1st Floor Conference Room

May 19, 2009

AGENDA ITEM/ PRESENTER/ORIGINATING DATE	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY/FINALIZED
CALL TO ORDER	<p>8:00am by Dir Greer. Quorum comprised of Directors Greer and Larson.</p> <p>Also attending: Janine Sarti, Michael Covert, Margie Drobatschewsky, Marv Levinson, MD, Bob Hemker, Lachlan Macleay, MD, Justin Kisner and Ken Hugins.</p> <p>Regrets from: Dir Kaufman</p>		
NOTICE OF MEETING	<p>Notice of Meeting was posted consistent with legal requirements.</p>		
PUBLIC COMMENTS	<p>None</p>		
APPROVAL OF MINUTES •	<p>The minutes of March 20, 2009 were reviewed and approved.</p>	<p>MOTION: by Dir Larson, 2nd by Dir Greer and carried to approve the March 20, 2009 minutes as submitted.</p> <p>All in favor - none opposed.</p>	
<ul style="list-style-type: none"> • Update on RAC Revenue Audit Contractors 	<p>Marv Levinson, MD highlighted the layers of review, in addition to RAC, that are looking at PPH. Margie reviewed the background of RAC. The RAC demonstration project's nationwide results, the PPH demo experience and the permanent program were reviewed. Dr. Levinson reviewed the appeal processes five levels and Margie discussed what has been put in place for RAC. The financial and administrative preparations and RAC readiness/risks were highlighted. The top five areas of exposure were identified by the RAC committee and RAC facts were discussed.</p> <p>The committee discussed the presentation at</p>	<p>PowerPoint presentation available on the Leadership drive</p>	

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	this point.		
<ul style="list-style-type: none"> • Status of Dir of Corporate Compliance search 	<p>Janine Sarti reported on the status of the recruitment for Director of Corporate Compliance.</p> <p>The first round of interviews is over and the field of candidates has been narrowed down to two individuals. The Board and the compliance committee will be interviewing the two candidates this week.</p>		
<ul style="list-style-type: none"> • Update on OIG Work Plan 	<p>Janine Sarti spoke on behalf of Tom Boyle. Mr. Boyle stated via email that he is not aware of any current OIG investigations related to the District at this time. As a proactive measure to minimize compliance risks, a subcommittee of the Compliance Oversight Committee evaluated the 2009 OIG Work Plan and assessed the relevant risks to PPH. As part of the process, several sets of issues were distributed to Directors responsible for specific subject issues including Home Health, Skilled Nursing Facilities, and Patient Financial Services. The subcommittee agreed that it would be valuable for the Compliance Officer and/or Compliance Auditor to perform audits of selected OIG risk areas on a regular basis throughout the year in order to maintain awareness of potential risks. This action would fall under the "monitoring" element of the compliance program.</p>		
<ul style="list-style-type: none"> • Report on Compliance Hotline activity 	<p>There have been three calls since the last report; two to the hotline and one directly to Janine Sarti.</p> <p>Two of the calls were compliance related calls and one was an HR issue.</p> <p>Ms. Sarti reported that the total compliance calls received in 2007 was five. There had been one in May, one in July, two in August and one in November. There had also been 459 contacts.</p>		
<ul style="list-style-type: none"> • Update on Internal Audit 	Internal Audit completed a review of the		

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Services	<p>vendor master file and identified duplicates and possible duplicates for removal and/or follow up. This action will result in an automated tool to be developed by Internal Audit for Finance to use on a regular basis in order to monitor the accuracy of the file and identify/prevent fraudulent activity.</p> <p>An ACL user event was sponsored by the Internal Audit staff on Friday, May 15 with over 25 attendees from other industries and healthcare organizations throughout San Diego.</p> <p>A senior compliance auditor position has been posted and recruitment efforts are in place. Internal Audit worked closely with the Avega Committee by reconciling the rebuilding of files from Cerner.</p> <p>A report of the ROC was completed and will be reported to the Internal Audit and Compliance Committee at the June meeting. Mark Kawauchi of Deloitte and Touche will be able to attend the June meeting to make a presentation.</p> <p>Tom Boyle has been coordinating the construction audit of Rudolph and Sletten. The audit will be concluded by the end of the month. Mr. Boyle will work to collect any potential discrepancies owed to PPH. Other construction audit activities will continue and be reported subsequently.</p> <p>Internal Audit has developed a solution which enables the ROC committee to convert ECHO reports into a ACL readable format for development of DNF reports.</p> <p>Decision Support is working with Internal Audit to provide a summary of total charges for Avega from selected encounters.</p> <p>Tom Boyle presented a session on Enterprise risk management to the EMT during the quarterly review.</p> <p>Tom Boyle presented a workshop on Medical Fraud in April to the Admission personnel in</p>		

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	the County as a volunteer instructor for the American Hospital Association and Department of Health and Human Services.		
<ul style="list-style-type: none"> • Report on Executive Expenses YTD 	<p>At the request of the committee Mr. Boyle identified all of the travel, credit card and miscellaneous expenses incurred and reimbursed to members of the Executive Management Team and the Board during the current fiscal year.</p> <p>All of the CEO's expense reports were selected and samples of each of the other EMT members were selected for review.</p> <p>The procedure requires Ted Kleiter to sign on all of the CEO's reports and it is apparent that this does in fact occur. It was found that separate credit cards are used by each EMT member. Summaries of expenditures have been made available for review and Tom will follow up to answer any questions regarding the individual transactions or the process in general. It was suggested that more detailed explanations be used by EMT and Board members when describing expenses for reimbursement, however, credit card expenditures contain only the merchant code.</p> <p>Bob Hemker will take this back to the Finance Committee.</p>		
<ul style="list-style-type: none"> • Open discussion 			
<ul style="list-style-type: none"> • Date/Time & Location of next meeting 	June, 2009, 8:00a.m. in the corporate conference room @ 456 E. Grand.		
(FINAL) ADJOURNMENT	9:27am	Dir Greer moved to adjourn. Dir Larson 2 nd motion.	
SIGNATURES <ul style="list-style-type: none"> ▪ Committee Chairperson ▪ Secretary to Committee 	<p> [Linda C. Greer, R.N.]</p> <p> [Nicole Dennis]</p>		