

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

PPH Corporate Building  
456 E. Grand Ave.  
1<sup>st</sup> Floor Conference Room  
October 20, 2009

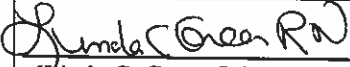
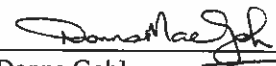
AGENDA ITEM/ PRESENTER/ORIGINATING DATE	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY/FINALIZED
<b>CALL TO ORDER</b>	8:00 A.M. by Dir Greer. Quorum comprised of Directors Greer, Kaufman, and Bassett.  <b>Also attending:</b> Janine Sarti, Bob Hemker, Tom Boyle, Marty Knutson, and Donna Goh. <b>Guests included:</b> Mark Kawauchi, Lisa Biggs, Stephanie Love, and Ofer Barlov.		
<b>NOTICE OF MEETING</b>	Notice of Meeting was posted consistent with legal requirements.		
<b>PUBLIC COMMENTS</b>	None		
<b>APPROVAL OF MINUTES</b> •	The minutes of September 15, 2009 were reviewed and approved.	<b>MOTION:</b> by Dir Kaufmann, 2 <sup>nd</sup> by Dir Bassett and carried to approve the September 15, 2009 minutes as submitted.  All in favor — none opposed.	
• <b>Approval of FY 2009 Audit Report</b>	Mark Kawauchi and Lisa Biggs from Deloitte & Touche were present at the meeting to review the highlights of the draft Audited Financial Statements. These included:  • Less post-closing adjustments • No comments for management letter • Overall scope and planning well described with no additional risks or changes • Without any standard guidelines for RAC, Mr. Hemker, CFO, chooses to maintain		

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	<p>conservative recorded reserves for the following fiscal year.</p> <p>Staff requested motion to approve the Audited Financial Statements. This is the first year that the Audit-Compliance Committee for the Board is requested to approve the Statements. Thereafter, standard follow-up will be reported at the Finance Committee for the Board. Upon approval of the Audited Financial Statements, PPH will be able to proceed directly to bond issuance in support of finances for PMC West.</p>	<p><b>MOTION:</b> by Dir Bassett, 2<sup>nd</sup> by Dir Kaufmann and carried to approve the draft Audited Financial Statements for the Years Ended June 30, 2009 and 2008, and the Independent Auditors' Report as submitted.</p> <p>All in favor — none opposed.</p>	
<p>• <b>The Legal-Compliance-Internal Audit Triad</b></p>	<p>Ms. Sarti presented the inter-relationships of the Legal, Compliance, and Internal Audit functions for PPH. The analogy of a 3-legged stool was used as comparison for the united support from the three areas supporting the organization of PPH. The basis developed for such support include:</p> <ul style="list-style-type: none"> <li>• Monthly meetings</li> <li>• Constant communication</li> <li>• Full cooperation and coordination</li> </ul> <p>Members of the Board were pleased with the visual presentation and would like the presentation to be shared with the Full Board Committee.</p> <p>The floor was open to specific queries from the Board. They included:</p> <ul style="list-style-type: none"> <li>• Checks and Balances of Physician Contracts – Such contracts are the primary responsibility of the requestor of the physician services. The requestor, also known as “owner”, oversees that the requirements within the contracts are fully met and satisfied. Mr. Boyle added that Internal Audit Services conducts sampling audits of these contracts. Dir Greer would</li> </ul>	<p>The Legal-Compliance-Internal Audit Triad presentation can be located on the Leadership Drive.</p> <p>The presentation will be forwarded to the secretary for the Board for inclusion at the next Board Committee.</p>	<p><b>Ms. Goh</b></p>

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	<p>like further discussion regarding physician contract at the next Finance Committee for the Board.</p> <p>Dir Greer requested information regarding the number of PPH physicians who accept CMS and MediCal patients.</p> <p>Dir Bassett acknowledged the importance for PPH to have H1N1 readiness in light of the increasing numbers of affected individuals. Dir Bassett supports the idea of a H1N1 hotline for both community and staff at PPH.</p>	<p>This agenda item will be forwarded to secretary of the Finance Committee for the Board for the inclusion at the next Finance Committee for the Board.</p> <p>Mr. Hemker will follow up with appropriate personnel to acquire the relevant information Dir Greer is seeking.</p>	<p>Ms. Goh</p> <p>Mr. Hemker</p>
<ul style="list-style-type: none"> <li>• <b>Committee Work-Plan</b></li> </ul>	<p>Considering the various tasks that the Board is expected to complete annually and/or periodically, a calendar of tasks was created and reviewed by Dir Greer to assist in streamlining the process and expectations of the Board. This work-plan clearly identifies the time-line of tasks.</p> <p>Dir Greer would like to share this calendar of tasks with the Full Board as a possible self-assessment tool.</p> <p>For Audit and Compliance, a report on customer satisfaction for these two functions will be shared with the Board bi-annually.</p>	<p>The proposed calendar and work-plan will be forwarded to the secretary of the Board for inclusion at the next Board Committee.</p>	<p>Ms. Goh</p>
<ul style="list-style-type: none"> <li>• <b>Internal Audit Update</b></li> </ul>	<p>Mr. Boyle provided an update on current issues that are being addressed by his staff:</p> <ul style="list-style-type: none"> <li>• Cardiac Rehab has been reviewed and audited by the Senior Compliance Auditor.</li> </ul>		

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	<ul style="list-style-type: none"> <li>• Surgery implant issues are being reviewed with the Director of Surgery. Topics include validating practice and the process for Kaiser patients requiring implants.</li> </ul> <p>Dir Greer requested an update on an additional issue regarding the pain-pump implantable.</p> <ul style="list-style-type: none"> <li>• Auditing physician contracts in Compliance 360.</li> <li>• Testing CPT for RAC exposures.</li> <li>• Continued use of ACL for continuous monitoring. With the introduction of a new version of ACL, the Audit Exchange, ACL Incorporated gave PPH a web-based link to the program for being a pilot user. In addition, Cerner remote hosting is targeted to be operational in the next month. This will complement and enhance the functions of the Audit Exchange.</li> <li>• An external quality review by a 3<sup>rd</sup> party is scheduled for this fiscal year. Internal Audit Services Department has started an internal survey for quality gap analysis. An audit plan will be developed from the results and a report will be delivered to the Audit-Compliance Committee for the Board.</li> <li>• Construction audit continues with assistance from Legal with Rudolph and Sletten in particular. No resolution has been reached at this time.</li> <li>• Addressing the possibility of hiring a per diem auditor for revenue-generating audits so that cost of hire would be paid for in revenue gained from such audits.</li> </ul>	<p>Mr. Boyle will follow up with acquiring information on pain-pump implantable as requested.</p>	<p><b>Mr. Boyle</b></p>

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	<ul style="list-style-type: none"> <li>• Plans to invite specialist from Deloitte &amp; Touche to present automated controls in auditing to the Board. This method monitors system changes, cuts back on hours of testing, and reaps recurring benefits.</li> </ul> <p>Mr. Boyle shared his publicity in several healthcare articles from various interviews that was held with him. The Board respectfully bestowed congratulatory acknowledgement in having such talented and knowledgeable personnel leading PPH.</p>		
<ul style="list-style-type: none"> <li>• <b>Hotline Publicity Efforts</b></li> </ul>	<p>Part of Ms. Knutson's efforts for Hotline publicity is to have everyone understand the functionality of the hotline tool provided. Efforts include:</p> <ul style="list-style-type: none"> <li>• Fliers</li> <li>• New Employee Orientation Awareness</li> <li>• Leadership Meetings</li> <li>• Internet and Intranet</li> <li>• Momentum magazine announcements</li> <li>• Email Out Blast</li> </ul> <p>The use of an external experienced company, Global, has proved beneficial. It is manned by experienced trained intake specialists 24/7. They are similar to case management at the back-end of the process. PPH went live with this company since September, 2009.</p> <p>Ms. Knutson shared with PPH leaders a document on fun facts regarding the hotline. She has requested that they share the document with staff and conduct one-on-one with staff for more personalized information-sharing regarding the availability of the Hotline. Ms. Knutson was pleased to announce that she</p>		

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	<p>received her first call over the last weekend prior to this meeting.</p> <p>Dir Bassett would like this item to be shared with the Full Board.</p>	<p>The "Hotline Publicity Efforts" information and related documents will be forwarded to the secretary of the Board for inclusion at the next Board Committee.</p>	<p><b>Ms. Goh</b></p>
<ul style="list-style-type: none"> <li>• <b>Date/Time &amp; Location of next meeting</b></li> </ul>	<p><b>Tuesday, October 20, 2009, 8:00 A.M. in the Corporate Conference Room @ 456 E. Grand.</b></p>		
<p><b>(FINAL) ADJOURNMENT</b></p>	<p>10:00 A.M.</p>	<p>Dir Greer moved to adjourn. Dir Kaufmann 2<sup>nd</sup> motion.</p>	
<p><b>SIGNATURES</b></p> <ul style="list-style-type: none"> <li>▪ <b>Committee Chairperson</b></li> <li>▪ <b>Secretary to Committee</b></li> </ul>	<p> _____ [Linda C. Greer, R.N.]</p> <p> _____ [Donna Goh]</p>		