

BOARD FINANCE COMMITTEE MEETING

Tuesday, July 1, 2008
5:30 p.m. (Dinner via café line for Committee Members & Invited Guests *only*)
6:00 p.m. Meeting

Pomerado Hospital
15615 Pomerado Road, Poway, CA
Meeting Room E

	<u>Time</u>	<u>Page</u>	<u>Target</u>
CALL TO ORDER.....			6:00 p.m.
➤ Public Comments.....	5		6:05 p.m.
➤ Information Item(s)			
•	5		6:10 p.m.
1. * Approval: Finance Committee Minutes – Tuesday, May 27, 2008 (<i>Addendum A</i>)..	5	Ag-2	6:15 p.m.
2. * Review/Approval: Physician/Physician’s Group Agreements	10		6:25 p.m.
• Anesthesia Consultants of California Medical Group, Inc. – 2 nd Amendment to Professional Services and Medical Director Agreement – Anesthesiology Services .		Ag-3-5	
• Psychiatric Centers at San Diego – Emergency Department On-Call and Psychiatric Hospitalist Management Agreement		Ag-6-9	
• Children’s Specialists of San Diego, Inc. – 1 st Amendment to Professional Services & Pediatric Hospitalist – PMC		Ag-10-13	
3. * Review/Approval: Physician Recruitment Agreements.....	10		6:35 p.m.
• Loan Dao, M.D. & Graybill Medical Group, Inc. – Family Practice		Ag-14-16	
• Michael Morelock, M.D. & Graybill Medical Group, Inc. – Otorinolaryngology		Ag-17-19	
• Rhyl Ann F. Faeldonea-Seruelo, M.D. & Graybill Medical Group, Inc. – Family Practice		Ag-20-22	
4. * Review/Approval: NICU	10	Ag-23-24	6:45 p.m.
5. * Approval: May 2008 & YTD FY2008 Financial Report (<i>Addendum B</i>).....	25	Ag-25	7:10 p.m.
FINAL ADJOURNMENT.....			7:10 p.m.

NOTE: If you have a disability, please notify us 72 hours prior to the event so that we may provide reasonable accommodations.

Minutes
Finance Committee – Tuesday, May 27, 2008

TO: Board Finance Committee

MEETING DATE: Tuesday, July 1, 2008

FROM: Tanya Howell, Secretary

BY: Bob Hemker, CFO

Background: The minutes of the Board Finance Committee meeting held on Tuesday, May 27, 2008, are respectfully submitted for approval (*Addendum A*).

Budget Impact: N/A

Staff Recommendation: Staff recommends approval of the Tuesday, May 27, 2008, Board Finance Committee minutes.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

Anesthesia Consultants of California

TO: Board Finance Committee

MEETING DATE: Tuesday, July 1, 2008

FROM: Kim Dodson, SLA Perioperative Services
Diane Key, RN, SLA Women & Children's Services

Background: The contract with Anesthesia Consultants of California contract is being amended to reflect a change in anesthesia coverage at Pomerado Hospital. The Pomerado Medical Executive Council voted to close the anesthesia medical staff privileges at Pomerado and align anesthesia coverage for PPH. Pomerado OB coverage was previously billed on a sliding scale, and the new agreement creates a flat fee for OB coverage services.

Budget Impact: The flat fee rates have been budgeted for FY 2009

Staff Recommendation: Staff recommends approval.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	2 nd Amendment to Professional Services and Medical Director Agreement
Preamble	AGREEMENT DATE	August 1, 2008 (Effective date of Amendment)
Preamble	PARTIES	Anesthesia Consultants of California Medical Group, Inc., and Palomar Pomerado Health
Recitals E	PURPOSE	To provide professional anesthesia medical coverage Palomar Medical Center (PMC), Pomerado Hospital (POM) and Escondido Surgery Center (ESC). To Update the OB fee schedule at POM to a flat daily fee
1.1, 1.2, 1.3 Exhibit A & B	SCOPE OF SERVICES	Medical Group shall provide coverage for Professional Services listed in Agreement at Hospitals and ESC. Medical Group shall provide one (1) physician for “on campus” OB coverage on a twenty-four (24) hour per day, seven (7) day a week basis at both Palomar Medical Center and Pomerado Hospital. Provide anesthesia coverage at POM OR to meet patient case requirements.
	PROCUREMENT METHOD	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
8.1	TERM (OF AGREEMENT)	Five years (June 15, 2007 to June 14, 2012)
	RENEWAL (OF AGREEMENT)	One year unless terminated with 180 days written notice
8.2.2.1 8.2.3	TERMINATION (OF AGREEMENT)	For cause, 90 days written notice and failure of the noticed party to cure the breach. (For cause is defined in the Agreement)
7.1.6	COMPENSATION METHODOLOGY	██████████ per day for on-campus OB coverage (see Sections 7.1.1 and 7.1.1.1)
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT: None
	EXCLUSIVITY	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES – EXPLAIN: Per Section 4.1 of Agreement
	JUSTIFICATION	Required for ongoing provision of surgical, OB and other services requiring anesthesia Improve scheduling of cases and call coverage
	AGREEMENT NOTICED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Methodology & Response:
	ALTERNATIVES/IMPACT	No other interested/qualified providers on staff. Would need to source alternative coverage if Group were unable to meet stated needs.
Exhibit A 2.5, 2.7	Duties	<input checked="" type="checkbox"/> Provision for Staff Education <input checked="" type="checkbox"/> Provision for Medical Staff Education <input checked="" type="checkbox"/> Provision for participation in Quality Improvement <input checked="" type="checkbox"/> Provision for participation in budget process development
	COMMENTS	
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> CAO <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Committee FINANCE <input checked="" type="checkbox"/> BOD

**SECOND AMENDMENT
TO
PROFESSIONAL SERVICES AND MEDICAL DIRECTOR AGREEMENT
BETWEEN
PALOMAR POMERADO HEALTH
AND
ANESTHESIA CONSULTANTS OF CALIFORNIA MEDICAL GROUP, INC.**

This Second Amendment is made by and between Palomar Pomerado Health, a California local healthcare district organized under Division 23 of the Health and Safety Code, and Anesthesia Consultants of California Medical Group, Inc., a California professional corporation (“Medical Group”) effective **August 1, 2008**.

The parties agree and acknowledge that the **First Amendment** to the Professional Services and Medical Director Agreement effective November 1, 2007, is no longer in effect. **This Second Amendment supersedes the First Amendment in its entirety.**

The parties agree and acknowledge that the **Professional Services and Medical Director Agreement (“Agreement”)** between them dated **June 15, 2007**, is hereby amended as follows:

The Recital Section of the Agreement is hereby amended as follows:

RECITALS

A. PPH is the owner and operator of **Palomar Medical Center**, a general acute care hospital, located at 555 East Valley Parkway, Escondido, California, **Pomerado Hospital**, a general acute care hospital, located at 15615 Pomerado Rd., Poway, CA 92064 (“Hospitals”), and is the also the sole general partner of Escondido Ambulatory Surgical Center Investors, Ltd., a California limited partnership that is the sole owner and operator of the **Escondido Surgery Center (“ESC”)** (**Hospitals and ESC are collectively referred to herein as the “Facilities”**). At some future time, the Parties may agree to add additional PPH locations to this Agreement through written amendment. However, at this time, this Agreement only applies to Palomar Medical Center, Pomerado Hospital, and Escondido Surgery Center.

I. All provisions of the Agreement applicable to Palomar Medical Center are now also applicable to Pomerado Hospital, except for Section 7.1.1 and Section 7.1.1.1, which are specific to Palomar Medical Center and Pomerado Hospital, respectfully, and Exhibit B and Exhibit B-1, which are which are specific to Palomar Medical Center and Pomerado Hospital, respectfully.

J. All places of the Agreement where the word Hospital is used should be replaced with the word Hospitals.

**PALOMAR MEDICAL CENTER
POMERADO HOSPITAL
EMERGENCY DEPARTMENT ON-CALL AND PSYCHIATRIC
HOSPITALIST MANAGEMENT AGREEMENT**

TO: Board Finance Committee

DATE: Tuesday, July 1, 2008

FROM: Sheila Brown, R.N., M.B.A., Chief Clinical Outreach Officer
Susan Linback, R.N., M.B.A., Service Line Administrator, Behavioral Health

BACKGROUND: This is a request to approve the Emergency Department On-Call and Psychiatric Hospitalist Management Agreement with Psychiatric Centers at San Diego (PCSD). PCSD will provide oversight of psychiatric on-call and follow-up care and psychiatric consultative services for both Palomar Medical Center's and Pomerado Hospital's Emergency Departments, Inpatient Behavioral Health Units, Skilled Nursing Facilities, and Acute Care Areas 24 hours per day, seven days per week for Unassigned psychiatric patients. This service is intended to insure professional psychiatric coverage and consultative services throughout the PPH clinical departments for acutely ill patients who suffer from severe mental health disorders.

BUDGET IMPACT: No Budget Impact

STAFF RECOMMENDATION: Approval

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Emergency Department On-Call and Psychiatric Hospitalist Management Agreement Psychiatric Centers at San Diego (PCSD)
	AGREEMENT DATE	August 1, 2008
	PARTIES	1) PPH 2) Psychiatric Centers at San Diego (PCSD)
Recitals E	PURPOSE	To provide management oversight for PPH psychiatric on-call coverage
2.0	SCOPE OF SERVICES	PCSD will provide oversight of psychiatric on-call and follow-up care and psychiatric consultative services for both Palomar Medical Center's and Pomerado Hospital's Emergency Departments, Inpatient Behavioral Health Units, Skilled Nursing facilities, and Acute Care Areas 24 hours per day, seven days per week for Unassigned psychiatric patients. This service is intended to insure professional psychiatric coverage and consultative services throughout the PPH clinical departments for acutely ill patients who suffer from severe mental health disorders. It will streamline the professional psychiatric services into a unified, consistent model to enhance the quality of medical services, and increase the medical oversight of the System.
	PROCUREMENT METHOD	<input checked="" type="checkbox"/> Request for Proposal <input type="checkbox"/> Discretionary
7.0	TERM	August 1, 2008 through December 31, 2009
	RENEWAL	N/A
7.0	TERMINATION	a. Immediately for cause b. Not less than 30 days of written notice without cause
5.0	COMPENSATION METHODOLOGY	Monthly payment on or before the 15 th of each month with supporting documentation of the prior month's records of services.
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO - IMPACT: None.
	EXCLUSIVITY	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN: This agreement shall not create or result in the creation of a "closed staff" emergency department at either Hospital.
	JUSTIFICATION	Streamlines three former disconnected, separate agreements into one overall agreement; provides association with large local psychiatric medical group for potential psychiatric recruitment.
	POSITION NOTICED	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO METHODOLOGY & RESPONSE: Discussed with all eligible providers. RFP was done externally.
	ALTERNATIVES/IMPACT	This agreement streamlines the Behavioral Health Services Psychiatric coverage for unassigned patients under one entity and reduces confusion between the two facilities.
Exhibit A	DUTIES	<input checked="" type="checkbox"/> PROVISION FOR STAFF EDUCATION <input checked="" type="checkbox"/> PROVISION FOR MEDICAL STAFF EDUCATION <input checked="" type="checkbox"/> PROVISION FOR PARTICIPATION IN QUALITY IMPROVEMENT
	COMMENTS	
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> Officer <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Finance Committee <input checked="" type="checkbox"/> BOD

EMERGENCY DEPARTMENT ON-CALL AND PSYCHIATRIC HOSPITALIST
MANAGEMENT AGREEMENT

This EMERGENCY DEPARTMENT ON-CALL AND PSYCHIATRIC HOSPITALIST MANAGEMENT AGREEMENT is made and entered into as of August 1, 2008 by and between PALOMAR POMERADO HEALTH (“PPH”), a California health care district organized under Division 23 of the Health and Safety Code, doing business as Palomar Medical Center and Pomerado Hospital (“Hospitals”), and PSYCHIATRIC CENTERS AT SAN DIEGO, a medical professional corporation (“Professional Corporation”) and with reference to the following facts:

RECITALS

A. PPH owns and operates two general acute care hospitals: Palomar Medical Center located in Escondido, California and Pomerado Hospital located in Poway, California (collectively, the “Hospitals”), and provides emergency services to patients who present themselves for evaluation and treatment through the Emergency Department and various other departments of the Hospitals, including, but not limited to, the intensive care units and other inpatient departments of the Hospitals. PPH also operates inpatient psychiatric units (the “Behavioral Health Units”) at both Hospitals designated to treat voluntary patients as well as involuntary patients under the Lanterman Petris Short Act (the “LPS Act”). PPH wishes to operate an Emergency Department On-Call Panel (for each Hospital, the “On-Call Panel”) and Psychiatric Hospitalist Services Program (for each Hospital, the “Program”) at both Hospitals for the benefit of Unassigned Patients (as defined below).

B. In connection with the operation of Emergency Departments at the Hospitals (the “Emergency Department”), Hospitals must arrange for Covering Physicians to provide consultation to the Hospitals’ Emergency Department staff physicians and, if necessary, to admit and attend to Unassigned Patients with acute psychiatric illnesses.

C. Professional Corporation is a medical professional corporation duly organized and qualified to contract with individual Covering Physicians.

D. PPH and Professional Corporation each recognize that the On-Call Panels perform a necessary patient care function at the Hospitals, and that Professional Corporation agrees to arrange for physician coverage and other services through the provision of Covering Physicians responsible for assuring prompt and continuous availability of professional psychiatric hospitalist services to Unassigned Patients.

E. Hospitals and Professional Corporation desire to enter into an arrangement whereby Professional Corporation shall arrange to provide the services of the Covering Physicians to serve on the On Call Panel and provide professional psychiatric hospitalist services for Unassigned Patients at Hospitals upon the terms and conditions set forth herein.

F. Hospitals shall have the right to oversee Covering Physicians and ensure compliance with their actions in compliance with the terms of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises contained herein, the parties agree as follows:

1. Definitions.

a. “Covering Physicians” means physician providers, practicing either as individuals or in the form of professional corporations, who are (i) employees or contractors of Professional Corporation, (ii) duly qualified and licensed to practice medicine in the State of California, (iii) board-certified or eligible for certification in the specialized field of Psychiatry under the rules of the American Board of Psychiatry and Neurology, (iv) experienced in the rendition of psychiatric treatment, with appropriate clinical privileges at the appropriate Hospital(s), including but not limited to, being a member of the Medical Staff of Hospital(s), (v) approved by the Medical Staff of either or both Hospitals and the PPH Board of Directors to serve on the On-Call Panel.

b. “On-Call Coverage” means the provision of On-Call Services in the Emergency Department, Skilled Nursing and Acute Care areas of the Hospitals pursuant to Section 2(a) herein below for twenty-four (24) hours per day, seven (7) days per week, during the term of this Agreement.

c. “Follow-Up Care” means (i) the arrangement by a Covering Physician of Professional Services to be provided to an Unassigned Patient by a physician other than the Covering Physician who arranges for such care, or (ii) the issuance of an order by a Covering Physician for the provision of other medically necessary psychiatric care to an Unassigned Patient, including without limitation the issuance of a prescription for a medically necessary regimen of drugs, therapy, or other plan of care.

d. “Hospitals” means either Palomar Medical Center or Pomerado Hospital as appropriate.

e. “Professional Services” means, as appropriate, the following psychiatric hospitalist services: (i) the performance of initial psychiatric evaluations on each Unassigned Patient who presents for admission; (ii) the provision of daily medical

**Palomar Medical Center
First Amendment to the Pediatric Hospitalist Professional and
Medical Director Services Agreement**

TO: Board Finance Committee

MEETING DATE: Tuesday July 1, 2008

FROM: Diane Key, RN, Service Line Administrator
Women and Children's Services

Background: Children's Specialists Of San Diego Medical Group, Inc. (CSSD) provides exclusive Pediatric Hospitalist Professional and Medical Director services to Palomar Medical Center (PMC). CSSD has provided reliable Pediatric Hospitalist professional services and medical directorship to PPH since July 1, 2006, and has been responsive to the medical staff and health system in meeting the clinical needs of its patients.

This first amendment represents an extension of the exclusive agreement for a period of three years.

Budget Impact: Budgeted for FY09

Staff Recommendation: Staff recommends approval.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Professional Services and Medical Director Agreement, Hospitalist Services – Pediatric Care Unit, PMC
7.1	AGREEMENT DATE	First Amendment effective August 1, 2008
Preamble	PARTIES	Children’s Specialists of San Diego, Inc., and Palomar Pomerado Health
Recital E	PURPOSE	Administrative services and professional medical services for the pediatric hospitalist program
Exhibit A&B	SCOPE OF SERVICES	Provision of administrative and professional medical services for the pediatric hospitalist program, including on-call coverage for unassigned Emergency Department and inpatient pediatrics.
	PROCUREMENT METHOD	<input checked="" type="checkbox"/> Request For Proposal <input type="checkbox"/> Discretionary
7.1	TERM	Three years
	RENEWAL	N/A
7.2	TERMINATION	Without cause or penalty with no less than 90 days prior written notice, for cause as defined in the agreement
6.1 6.2	COMPENSATION METHODOLOGY	Compensation for administrative services. Professional medical services billing and collection responsibility of Children’s Specialists of San Diego, Inc
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT: Budgeted
Exhibit A&B	EXCLUSIVITY	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES – EXPLAIN: Administration recommends single provider group for scope of services to assure consistent administrative oversight and delivery of quality patient care services
	JUSTIFICATION	Required for consistent administrative oversight and professional medical services. To provide pediatric hospitalist services including on-call coverage for the unassigned Emergency Department and inpatient pediatrics
	POSITION POSTED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Methodology & Response: All PPH Medical Staff invited in writing to comment
	ALTERNATIVES/IMPACT	Hospitalist program would be eliminated resulting in a gap of services to patients/families and pediatricians in the community
Exhibit A&B	Duties	<input checked="" type="checkbox"/> Provision for Staff Education <input checked="" type="checkbox"/> Provision for Medical Staff Education <input checked="" type="checkbox"/> Provision for participation in Quality Improvement <input checked="" type="checkbox"/> Provision for participation in budget process development
	COMMENTS	
	APPROVALS REQUIRED	<input type="checkbox"/> CAO <input type="checkbox"/> CFO <input type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Committee Finance <input type="checkbox"/> BOD

**FIRST AMENDMENT TO PROFESSIONAL SERVICES AND MEDICAL
DIRECTOR AGREEMENT FOR HOSPITALIST SERVICES
BETWEEN
PALOMAR POMERADO HEALTH
AND
CHILDREN'S SPECIALISTS OF SAN DIEGO, INC.**

This First Amendment to the **Professional Services and Medical Director Agreement** is entered into effective **August 1, 2008**, ("Effective Date") by and between **Palomar Pomerado Health**, a local healthcare district organized under Division 23 of the California Health and Safety Code ("PPH"), and **Children's Specialists of San Diego, Inc.**, a California professional corporation ("**Medical Group**") (collectively, the "Parties"), and amends the **Professional Services and Medical Director Agreement** between the Parties dated **July 1, 2006** ("Agreement").

In consideration of the mutual promises of the Parties, the receipt and sufficiency of which are hereby acknowledged, the **Professional Services and Medical Director Agreement** between the Parties dated **July 1, 2006**, is hereby amended as follows:

AGREEMENT

6. BILLING AND COMPENSATION

6.1 Administrative Services. Medical Group shall, on a monthly basis on or before the fifth (5th) day of each calendar month during the entire term of this Agreement, commencing with the second (2nd) calendar month of the term of this Agreement, submit a written invoice to PPH in a form acceptable to PPH, detailing to PPH's satisfaction the date, time, and number of hours and description of activities spent by Medical Group and its Medical Director, employees, Physicians, agents and subcontractors in performing the Administrative Services required under this Agreement during the immediately preceding calendar month.

In consideration of the Administrative Services to be provided under this Agreement, and expressly conditioned upon Medical Group's timely submission to PPH of the monthly invoice required pursuant to this Section 6.1, PPH agrees to pay to Medical Group [REDACTED] per month during the term hereof, payable monthly on or before the fifteenth (15th) day of each month, with respect to the preceding calendar month. Hospital shall prorate monthly payments based on actual Services provided.

6.2 Professional Services Billing and Collection.

6.2.5 The compensation to Group shall be subject to an upward annual adjustment of the lesser of three percent (3%) or the cumulative Consumer Price Index (CPI-U) for hospital costs, Western United States, less the actual cumulative CPI-U for

hospital costs, Western United States, increases received over the term of the Agreement as specified on the United States Department of Labor (DOL) website.

7. TERM AND TERMINATION

7.1 Term. This Agreement shall commence on August 1, 2008, and shall continue through July 31, 2011, unless sooner terminated as provided in this Agreement.

All other terms of the Agreement not amended herein remain in full force and effect. In the event the terms of this Amendment conflict with the terms of the Agreement, the terms and conditions of this Amendment shall prevail.

IN WITNESS WHEREOF, The parties have executed this Amendment on the date set forth below.

Children’s Specialists of San Diego, Inc. (“Medical Group”)

Palomar Pomerado Health

By: _____
Print: _____
Title: _____
Date: _____

By: _____
Robert A. Hemker
Chief Financial Officer
Date: _____

Physician Recruitment Agreement

TO: Board Finance Committee

MEETING DATE: Tuesday, July 1, 2008

FROM: Marcia Jackson, Chief Planning Officer

Background: The PPH community lacks an adequate number of primary care physicians as verified by Medical Development Specialists, a national consulting firm that specializes in physician manpower studies. PPH has an established physician recruitment program and has allocated resources to attract additional Family Practice physicians to relocate to Inland North San Diego County. Loan Dao, MD, and Graybill Medical Group, Inc., have signed the PPH Physician Recruitment Agreement in order for Dr. Dao to join Graybill and establish a practice in their Escondido office. She intends to begin practicing in October 2008.

Budget Impact: None

Staff Recommendation: Approval of the Physician Recruitment Agreement with Loan Dao, MD, and Graybill Medical Group, Inc., and recommend approval by the full Board of Directors.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Physician Recruitment Agreement—Family Practice
	AGREEMENT DATE	May 15, 2008, Start date October 2008
	PARTIES	1) PPH 2) Loan Dao, M.D. 3) Graybill Medical Group, Inc.
Recitals	PURPOSE	Provide recruitment assistance to enable Dr. Dao to establish a practice within Graybill Medical Group
Article 4	SCOPE OF SERVICES	Dr. Dao will establish a full-time Family Practice in Graybill's Escondido office and will participate in government-funded programs.
2.1; 2.2; 6.2; 6.4; 6.5	TERM	1 year of income assistance; two year repayment/forgiveness period
Recruitment procedure D.2	RENEWAL	None available
Article 8; 9.17	TERMINATION	Contract stipulates conditions for termination
Article 2	COMPENSATION METHODOLOGY	For monthly income guarantee physician will submit monthly report of expenses and collections. For relocation and start-up cost assistance physician will submit receipts.
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT: None
5.1; 9.19	EXCLUSIVITY	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN: Government prohibits hospitals from requiring physician to exclusively have privileges or make referrals only to their hospital. The contract does include a non-compete clause.
	PHYSICIAN MANPOWER STUDY	Medical Development Specialists, a national consulting firm who performed our Physician Manpower Study, completed an analysis which confirmed there is a justifiable community need for this recruitment
	EXTERNAL FINANCIAL VERIFICATION	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Methodology: Medical Development Specialists (MDS) developed a pro forma for the practice to establish the contract value to cover income guarantee and cash flow needs. MDS also provided the market comparison to establish an appropriate income guarantee.
	LEGAL COUNSEL REVIEW	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No No exceptions to the standard agreement. Legal Counsel has approved this contract.
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> CPO <input checked="" type="checkbox"/> General Counsel <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Finance Committee on July 29, 2008 <input checked="" type="checkbox"/> BOD

**PRACTICE RECRUITMENT AGREEMENT
BETWEEN PALOMAR POMERADO HEALTH,
GRAYBILL MEDICAL GROUP, INC.,
AND
LOAN DAO, M.D.**

This is an Agreement dated May 15, 2008 (“**Agreement**”) between Palomar Pomerado Health, a California health district organized under Section 23 of the Health and Safety Code (“**PPH**”), Graybill Medical Group, Inc. (“**Group**”), and Loan Dao, M.D. (“**Physician**”) (collectively the “**parties**”).

PPH owns and operates Palomar Medical Center, an acute-care hospital located in Escondido, California, and Pomerado Hospital, an acute-care hospital in Poway, California (collectively “**PPH**”). The service area of PPH includes, but is not limited to, north San Diego County and other surrounding communities (“**Service Area**”).

PPH has determined that a portion of its Service Area has substantial unmet medical needs, evidenced by a population that is rapidly expanding and that is in need of services in Physician’s medical specialty. PPH has further determined that under available benchmark criteria, the number of physicians in its Service Area practicing in Physician’s medical specialty is insufficient to serve current and potential patients in need of such services.

PPH’s Service Area has not proven sufficiently appealing on its own to attract and retain a suitable number of physicians in Physician’s specialty. The Board of Directors of PPH has determined that it is within PPH’s mission to recruit a physician in Physician’s specialty who is willing to locate a medical practice in PPH’s service area, join the medical staff of PPH and an appropriate physician group, provide a reasonable amount of charity care, and serve the medical needs of the community.

Group is a professional corporation comprised of licensed medical doctors who provide medical care in the Service Area. Group seeks to cooperate with PPH in recruiting a qualified physician to join Group and provide medical care in the Service Area.

Physician is a medical doctor specializing in Family Medicine who has not previously practiced that specialty in the Service Area. Physician is willing to join Group and establish a medical practice in Escondido, California, on the terms and conditions set forth below, and PPH is willing to provide assistance to Physician and make certain advances to Group for the benefit of Physician to help establish such a practice:

Therefore, the parties agree as follows:

Physician Recruitment Agreement

TO: Board Finance Committee

MEETING DATE: Tuesday, July 29, 2008

FROM: Marcia Jackson, Chief Planning Officer

Background: The PPH community lacks an adequate number of otolaryngology physicians as verified by Medical Development Specialists, a national consulting firm that specializes in physician manpower studies. PPH has an established physician recruitment program and has allocated resources to attract additional otolaryngology physicians to relocate to Inland North San Diego County. Michael Morelock, M.D., and Graybill Medical Group, Inc., have signed the PPH Physician Recruitment Agreement in order for Dr. Morelock to join Graybill and establish a practice in their Escondido office. He intends to begin practicing in December 2008.

Budget Impact: None

Staff Recommendation: Approval of the Physician Recruitment Agreement with Michael Morelock, MD, and Graybill Medical Group, Inc., and recommend approval by the full Board of Directors.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Physician Recruitment Agreement—Otorhynolaryngology
	AGREEMENT DATE	May 8, 2008, Start date December 2008
	PARTIES	1) PPH 2) Michael Morelock, M.D. 3) Graybill Medical Group, Inc.
Recitals	PURPOSE	Provide recruitment assistance to enable Dr. Morelock to establish a practice within Graybill Medical Group
Article 4	SCOPE OF SERVICES	Dr. Morelock will establish a full-time Otorhynolaryngology in Graybill's Escondido office and will participate in government-funded programs.
2.1; 2.2; 6.2; 6.4; 6.5	TERM	1 year of income assistance; two year repayment/forgiveness period
Recruitment procedure D.2	RENEWAL	None available
Article 8; 9.17	TERMINATION	Contract stipulates conditions for termination
Article 2	COMPENSATION METHODOLOGY	For monthly income guarantee physician will submit monthly report of expenses and collections. For relocation and start-up cost assistance physician will submit receipts.
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT: None
5.1; 9.19	EXCLUSIVITY	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN: Government prohibits hospitals from requiring physician to exclusively have privileges or make referrals only to their hospital. The contract does include a non-compete clause.
	PHYSICIAN MANPOWER STUDY	Medical Development Specialists, a national consulting firm who performed our Physician Manpower Study, completed an analysis which confirmed there is a justifiable community need for this recruitment
	EXTERNAL FINANCIAL VERIFICATION	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Methodology: Medical Development Specialists (MDS) developed a pro forma for the practice to establish the contract value to cover income guarantee and cash flow needs. MDS also provided the market comparison to establish an appropriate income guarantee.
	LEGAL COUNSEL REVIEW	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No No exceptions to the standard agreement. Legal Counsel has approved this contract.
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> CPO <input checked="" type="checkbox"/> General Counsel <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Finance Committee on July 29, 2008 <input checked="" type="checkbox"/> BOD

**PRACTICE RECRUITMENT AGREEMENT
BETWEEN PALOMAR POMERADO HEALTH,
GRAYBILL MEDICAL GROUP, INC.,
AND
MICHAEL MORELOCK, M.D.**

This is an Agreement dated May 8, 2008 (“**Agreement**”) between Palomar Pomerado Health, a California health district organized under Section 23 of the Health and Safety Code (“**PPH**”), Graybill Medical Group, Inc. (“**Group**”), and Michael Morelock, M.D. (“**Physician**”) (collectively the “**parties**”).

PPH owns and operates Palomar Medical Center, an acute-care hospital located in Escondido, California, and Pomerado Hospital, an acute-care hospital in Poway, California (collectively “**PPH**”). The service area of PPH includes, but is not limited to, north San Diego County and other surrounding communities (“**Service Area**”).

PPH has determined that a portion of its Service Area has substantial unmet medical needs, evidenced by a population that is rapidly expanding and that is in need of services in Physician’s medical specialty. PPH has further determined that under available benchmark criteria, the number of physicians in its Service Area practicing in Physician’s medical specialty is insufficient to serve current and potential patients in need of such services.

PPH’s Service Area has not proven sufficiently appealing on its own to attract and retain a suitable number of physicians in Physician’s specialty. The Board of Directors of PPH has determined that it is within PPH’s mission to recruit a physician in Physician’s specialty who is willing to locate a medical practice in PPH’s service area, join the medical staff of PPH and an appropriate physician group, provide a reasonable amount of charity care, and serve the medical needs of the community.

Group is a professional corporation comprised of licensed medical doctors who provide medical care in the Service Area. Group seeks to cooperate with PPH in recruiting a qualified physician to join Group and provide medical care in the Service Area.

Physician is a medical doctor specializing in otolaryngology who has not previously practiced that specialty in the Service Area. Physician is willing to join Group and establish a medical practice in Escondido, California, on the terms and conditions set forth below, and PPH is willing to provide assistance to Physician and make certain advances to Group for the benefit of Physician to help establish such a practice:

Therefore, the parties agree as follows:

Physician Recruitment Agreement

TO: Board Finance Committee

MEETING DATE: Tuesday, July 29, 2008

FROM: Marcia Jackson, Chief Planning Officer

Background: The PPH community lacks an adequate number of primary care physicians as verified by Medical Development Specialists, a national consulting firm that specializes in physician manpower studies. PPH has an established physician recruitment program and has allocated resources to attract additional Family Practice physicians to relocate to Inland North San Diego County. Rhyl Ann F. Faeldonea-Seruelo, M.D., and Graybill Medical Group, Inc., have signed the PPH Physician Recruitment Agreement in order for Dr. Faeldonea-Seruelo to join Graybill and establish a practice in their Escondido office. She intends to begin practicing in September 2008.

Budget Impact: None

Staff Recommendation: Approval of the Physician Recruitment Agreement with Rhyl Ann F. Faeldonea-Seruelo, M.D., and Graybill Medical Group, Inc., and recommend approval by the full Board of Directors.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Physician Recruitment Agreement—Family Practice
	AGREEMENT DATE	May 27, 2008, Start date September 2008
	PARTIES	1) PPH 2) Rhyl Ann F. Faeldonea-Seruelo, M.D. 3) Graybill Medical Group, Inc.
Recitals	PURPOSE	Provide recruitment assistance to enable Dr. Faeldonea-Seruelo to establish a practice within Graybill Medical Group
Article 4	SCOPE OF SERVICES	Dr. Faeldonea-Seruelo will establish a full-time Family Practice in Graybill's Escondido office and will participate in government-funded programs.
2.1; 2.2; 6.2; 6.4; 6.5	TERM	1 year of income assistance; two year repayment/forgiveness period
Recruitment procedure D.2	RENEWAL	None available
Article 8; 9.17	TERMINATION	Contract stipulates conditions for termination
Article 2	COMPENSATION METHODOLOGY	For monthly income guarantee physician will submit monthly report of expenses and collections. For relocation and start-up cost assistance physician will submit receipts.
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT: None
5.1; 9.19	EXCLUSIVITY	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN: Government prohibits hospitals from requiring physician to exclusively have privileges or make referrals only to their hospital. The contract does include a non-compete clause.
	PHYSICIAN MANPOWER STUDY	Medical Development Specialists, a national consulting firm who performed our Physician Manpower Study, completed an analysis which confirmed there is a justifiable community need for this recruitment
	EXTERNAL FINANCIAL VERIFICATION	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Methodology: Medical Development Specialists (MDS) developed a pro forma for the practice to establish the contract value to cover income guarantee and cash flow needs. MDS also provided the market comparison to establish an appropriate income guarantee.
	LEGAL COUNSEL REVIEW	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No No exceptions to the standard agreement. Legal Counsel has approved this contract.
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> CPO <input checked="" type="checkbox"/> General Counsel <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Finance Committee on July 29, 2008 <input checked="" type="checkbox"/> BOD

**PRACTICE RECRUITMENT AGREEMENT
BETWEEN PALOMAR POMERADO HEALTH,
GRAYBILL MEDICAL GROUP, INC.,
AND
RHYL ANN F. FAELDONEA-SERUELO, M.D.**

This is an Agreement dated May 27, 2008 (“**Agreement**”) between Palomar Pomerado Health, a California health district organized under Section 23 of the Health and Safety Code (“**PPH**”), Graybill Medical Group, Inc. (“**Group**”), and Rhyl Ann F. Faeldonea-Seruelo, M.D. (“**Physician**”) (collectively the “**parties**”).

PPH owns and operates Palomar Medical Center, an acute-care hospital located in Escondido, California, and Pomerado Hospital, an acute-care hospital in Poway, California (collectively “**PPH**”). The service area of PPH includes, but is not limited to, north San Diego County and other surrounding communities (“**Service Area**”).

PPH has determined that a portion of its Service Area has substantial unmet medical needs, evidenced by a population that is rapidly expanding and that is in need of services in Physician’s medical specialty. PPH has further determined that under available benchmark criteria, the number of physicians in its Service Area practicing in Physician’s medical specialty is insufficient to serve current and potential patients in need of such services.

PPH’s Service Area has not proven sufficiently appealing on its own to attract and retain a suitable number of physicians in Physician’s specialty. The Board of Directors of PPH has determined that it is within PPH’s mission to recruit a physician in Physician’s specialty who is willing to locate a medical practice in PPH’s service area, join the medical staff of PPH and an appropriate physician group, provide a reasonable amount of charity care, and serve the medical needs of the community.

Group is a professional corporation comprised of licensed medical doctors who provide medical care in the Service Area. Group seeks to cooperate with PPH in recruiting a qualified physician to join Group and provide medical care in the Service Area.

Physician is a medical doctor specializing in Family Practice who has not previously practiced that specialty in the Service Area. Physician is willing to join Group and establish a medical practice in San Marcos, California, on the terms and conditions set forth below, and PPH is willing to provide assistance to Physician and make certain advances to Group for the benefit of Physician to help establish such a practice:

Therefore, the parties agree as follows:

PMC NICU Expansion *pro forma* Update

TO: Board Finance Committee

MEETING DATE: Tuesday, July 1, 2008

FROM: Diane Key, RN, MSN, Service Line Administrator
Women's and Children's Services

Background: The PMC Neonatal Intensive Care Unit (NICU) Expansion from 6 beds to 12 was previously approved according to the PPH process. Implementation of expansion was delayed due to OSHPD issues and changes. In addition, there were potential changes in regard to seismic requirements for the McLeod tower, which is the present location and expansion site. Based on this, a revised *pro forma* was developed. The PMC Neonatal Intensive Care Unit is currently licensed for 6 beds. Actual ADC is 9.5. In order to maintain CCS certification, the PMC NICU is required to have a minimum of 8 licensed beds.

Budget Impact: The NICU Expansion was budgeted for \$800,000 in FY08 (this amount has been set up as an FY08 CIP) and \$800,000 in FY09 (amount to be requested as a capital allocation in FY09), which will cover the estimated project cost.

Staff Recommendation: Continue with planned NICU Expansion as previously approved.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

**PALOMAR MEDICAL CENTER
NEONATAL INTENSIVE CARE UNIT EXPANSION
CASH FLOW ANALYSIS**

		<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
Cumulative Cash Flow	(1,495,069)	(1,037,852)	(373,715)	345,965	1,122,233	1,956,149	2,848,788	3,801,241
Capital - Equipment: Construction		1,495,069	0	0	0	0	0	0
Capital - Equipment: Beds & Equip		0	0	0	0	0	0	0
Total Capital Equipment	1,495,069	1,495,069	0	0	0	0	0	0
NPV	\$2,870,672							
Discount Rate	5.00%							
IRR	67.30%							
Pay Back in Years	2.5							
INCREMENTAL VOLUMES								
IP Discharges		76	110	118	126	134	142	150
IP Days		856	1,231	1,320	1,410	1,500	1,590	1,679
IP LOS		11.2	11.2	11.2	11.2	11.2	11.2	11.2
IP TOTAL ADC		2.3	3.4	3.6	3.9	4.1	4.4	4.6
CONTRIBUTION MARGIN per Discharge		\$5,992	\$6,052	\$6,113	\$6,174	\$6,236	\$6,298	\$6,361
TOTAL CONTRIBUTION MARGIN		\$457,217	\$664,137	\$719,680	\$776,268	\$833,916	\$892,639	\$952,453
ADDITIONAL OPERATING EXPENSES								
Labor Expense								
Salaries & Wages		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Direct Benefits		-	-	-	-	-	-	-
Indirect Benefits		-	-	-	-	-	-	-
Total Labor and Benefit Expense		-	-	-	-	-	-	-
Total Other Non-Labor Expense								
Physician Fees		-	-	-	-	-	-	-
Supplies		-	-	-	-	-	-	-
Other Expenses		-	-	-	-	-	-	-
Marketing/Branding		-	-	-	-	-	-	-
Total Other Non-Labor Expense		-	-	-	-	-	-	-
Depreciation and Amortization								
Depreciation - Bldg (10yr)		149,507	149,507	149,507	149,507	149,507	149,507	149,507
Depreciation - Equipment (7yr)		-	-	-	-	-	-	-
Total Depreciation and Amortization		149,507	149,507	149,507	149,507	149,507	149,507	149,507
TOTAL EXPENSES		149,507	149,507	149,507	149,507	149,507	149,507	149,507
Net Income		\$307,710	\$514,630	\$570,173	\$626,761	\$684,409	\$743,132	\$802,946
Net Change in Cash Flow	(\$1,495,069)	(\$1,037,852)	\$664,137	\$719,680	\$776,268	\$833,916	\$892,639	\$952,453
(Excludes Depreciation/Amortization)								
Exp less Deprc per OPCase		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pay Back in months	30	12	12	6	-	-	-	-
Inflationary Increase in IP Contribution Margin		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

May 2008 & YTD FY2008 Financial Report

TO: Board Finance Committee

MEETING DATE: Tuesday, July 1, 2008

FROM: Robert Hemker, CFO

Background: The Board Financial Reports (unaudited) for May 2008 and YTD FY2008 are submitted for the Finance Committee's approval (*Addendum B*).

Budget Impact: N/A

Staff Recommendation: Staff recommends approval.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

ADDENDUM A

**BOARD FINANCE COMMITTEE MEETING
ATTENDANCE ROSTER & MEETING MINUTES
CALENDAR YEAR 2008**

MEMBERS	MEETING DATES:										
	1/22/08	2/26/08	3/25/08	4/29/08	5/27/08	7/1/08	7/29/08	8/26/08	9/30/08	10/28/08	12/2/08
NANCY BASSETT, R.N.	P	P	P	P							
TED KLEITER – CHAIR	P	P	P	P	P						
BRUCE KRIDER, M.A.	P	P	P	P	P						
MARCELO RIVERA, M.D.	P	P	P	P	P						
MICHAEL COVERT, FACHE	P	P	P	P	P						
BEN KANTER, M.D.	E	P	P	P	P						
JOHN LILLEY, M.D.	P	E	P	E	A						
LINDA GREER – ALTERNATE			GUEST								
LINDA BAILEY – 2 ND ALTERNATE											
ALAN LARSON, M.D. – 3 RD ALTERNATE											
STAFF ATTENDEES											
BOB HEMKER	P	P	P	P	P						
GERALD BRACHT	P	P	P	P	P						
DAVID TAM			P	P	P						
STEVE GOLD	P	P									
TANYA HOWELL – SECRETARY	P	P	P	P	P						
INVITED GUESTS	SEE TEXT OF MINUTES FOR NAMES OF GUEST PRESENTERS										

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, MAY 27, 2008

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
MEETING LOCATION	Graybill Auditorium, Palomar Medical Center, 555 East Valley, Parkway, Escondido, CA			
MEETING CALLED TO ORDER	6:05 p.m. by Chair Ted Kleiter			
ESTABLISHMENT OF QUORUM	See roster			
PUBLIC COMMENTS	There were no public comments			
MEETING ADJOURNED TO CLOSED SESSION	6:06 p.m. by Chair Ted Kleiter			
RESUMPTION OF OPEN SESSION	6:57 p.m.			
INFORMATION ITEM(S)	<ul style="list-style-type: none"> • ARS Update <ul style="list-style-type: none"> o Continue to have discussions with both bond insurers and banking organizations regarding liquidity instruments <ul style="list-style-type: none"> ▪ Reviewing financials with them on a regular basis ▪ Likely next discussion after close of May financials o Resets on bond series <ul style="list-style-type: none"> ▪ Up to February 11th were averaging 3.7% ▪ Escalated from there, but never had a failed auction ▪ Resets in the past week appear to be getting more normalized <ul style="list-style-type: none"> ▲ Series A resets on Monday <ul style="list-style-type: none"> (a) Reset at 3% yesterday (b) Was in the 8s in March (c) Was at 3.9% in December, resetting back to historical lows ▲ Series B resets on Tuesday <ul style="list-style-type: none"> (a) At 3.39% today (b) Down from 3.5% last Tuesday (c) Comparable to January and December's 3.9% resets ▲ Series C resets on Wednesday <ul style="list-style-type: none"> (a) Reset last Wednesday at 3.25% (b) Also consistent with January's resets o Current best option is to hold situation 	Information Only	ARS update forwarded to the June 9, 2008, Board of Directors meeting as Information. <ul style="list-style-type: none"> • Bob Hemker is to keep the Board updated on the ARS resets by email, utilizing a summary table 	

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, MAY 27, 2008

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
	<ul style="list-style-type: none"> • Status on construction management contract <ul style="list-style-type: none"> o Ongoing discussions based on reviews and proposed vendors are continuing discussions with DPR o Still negotiating contract details o Potentially to be presented at Facilities & Grounds on 9th then to Board that evening 			
MINUTES – APRIL 29, 2008	Bob Hemker requested that the date in the header row be corrected from March 25, 2008, to April 29, 2008. No further discussion.	MOTION: By Director Rivera, seconded by Director Krider and carried to approve the minutes of the April 29, 2008, Board Finance Committee meeting as corrected. All in favor. None opposed.		
MEDICAL DIRECTOR AGREEMENTS				
PAUL R. KEITH, MD	<ul style="list-style-type: none"> • No discussion – both Agreements in one motion 	MOTION: By Director Rivera seconded by Director Krider and carried to recommend approval of both Agreements as presented: The one-year (July 1, 2008 to June 30, 2009) Second Amendment to the Medical Director Agreement for the Mental Health Unit at PMC with Paul R. Keith, MD; and the one-year (July 1, 2008 to June 30, 2009) Medical Director Agreement for Cardiology Services at PMC with Robert Stein, MD. All in favor. None opposed.	Forwarded to the June 9, Board of Directors meeting with a recommendation for approval.	
ROBERT STEIN, MD				
PHYSICIAN RECRUITMENT AGREEMENTS				
GABRIELE M. DILAURO, MD & ESCONDIDO OBGYN, INC.	<ul style="list-style-type: none"> • No discussion – both Agreements in one motion • After the vote, Director Krider led a discussion regarding potential conflicts of interest with regard to Board members' ability to vote on physician recruitment agreements <ul style="list-style-type: none"> o Janine Sarti quoted Board Governance Policy 29 o Request to the Board Governance Committee that clarification of the term "conflict of Interest" as it applies to both the Board and employees be made for the Committee's purposes and for the benefit of the Board 	MOTION: By Director Rivera seconded by Director Krider and carried to recommend approval of both Physician Recruitment Agreements as presented. All in favor. None opposed.	Forwarded to the June 9, 2008, Board of Directors meeting with a recommendation for approval.	
RADMILA KAZANEGRA, MD & ESCONDIDO OBGYN, INC.				
CONVERSION OF SNF BEDS TO SUB-ACUTE	<ul style="list-style-type: none"> • No discussion 	MOTION: By Director Rivera seconded by Director Krider to recommend approval of the conversion of SNF Beds to Sub-Acute as outlined in Management's recommendation to approve. All in favor. None opposed.	Forwarded to the June 9, 2008, Board of Directors meeting with a recommendation for approval.	

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, MAY 27, 2008

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
<p>APRIL 2008 AND YTD FY2008 FINANCIAL REPORT</p>	<p>Bob Hemker stated that he had reordered the financial package, with balanced scorecard, executive summary and key variance explanations up front, supplemented at the end with statistical charts and graphs. Goal is to ease read-through.</p> <ul style="list-style-type: none"> • BSC <ul style="list-style-type: none"> o Expenses are in the green, both for the month and YTD o Still red in OEBITDA o Similar patterns in YTD indicators on both campuses o A few more challenges at POM campus in April o Admissions had negative variances in consolidated for both MTD and YTD o Patient Days had a negative MTD variance of 240 but still maintained a positive variance YTD o LOS is fairly constant o Surgeries had a positive variance o Births had a negative variance of 51 for the month o ER to inpatient admission conversion rate <ul style="list-style-type: none"> ■ Negative to budget – 16.7% vs budget of 17.4% o Productivity <ul style="list-style-type: none"> ■ At 98% showed a 4.2% negative variance for the month ■ Brought YTD down just under 100% o Net Patient Revenue showed a \$1.1M negative variance <ul style="list-style-type: none"> ■ Due in part to capitation FY07 close-out and FY08 activity o Salaries, wages and contract labor showed a negative \$960K o Supplies <ul style="list-style-type: none"> ■ Early inventory on surgical provided nothing notable <ul style="list-style-type: none"> ▲ No inventory creep, but that doesn't help explain the continued negative variances o \$1.1M negative variance in net income o Bottom bottom line of negative \$2M for the month o YTD bottom line of almost \$10M negative variance o Cash collections <ul style="list-style-type: none"> ■ Strongest month we've seen at \$38.2M ■ Brings us about \$1M over budgeted YTD o Operating margin YTD is at 6.7% against a budget of 10% o Net income margin about half of targeted o Distinctions between bad debt vs charity <ul style="list-style-type: none"> ■ Listed as bad debt until qualifications for charity are verified 	<p>MOTION: By Director Krider seconded by Dr. Kanter and carried to recommend approval of the Financial Report for April 2008 and YTD FY2008. All in favor. None opposed.</p>	<p>Forwarded to the June 9, 2008, Board of Directors meeting with a recommendation for approval.</p>	

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, MAY 27, 2008

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
	<ul style="list-style-type: none"> o Compared to 12-18 months ago, working through eligibility much more accurately <ul style="list-style-type: none"> ■ Not seeing the same historical patterns as processes continue to improve o South zone – Pomerado/Villa Pomerado <ul style="list-style-type: none"> ■ Patient days were higher than budget by approximately 6% ■ ADC is about 10% off against March o North zone – PMC/PCCC <ul style="list-style-type: none"> ■ ADC negative 7.5% month on month and negative 5.3% YTD to budget • Key Variance Explanations for April <ul style="list-style-type: none"> o Net patient revenue <ul style="list-style-type: none"> ■ Effect of out-of-network exposure on capitation is causing a negative variance on continued capitation exposure for CY07 and CY08 plan years o Other Revenue <ul style="list-style-type: none"> ■ Fires – positive variance <ul style="list-style-type: none"> ▲ Making some headway on reimbursement from the insurer, with a booked pre-commitment to \$1.3M <ul style="list-style-type: none"> (a) Still have a couple of disputed items (b) Will issue an interim check for cash flow for \$1M as we continue to settle ▲ FEMA is reviewed in parallel to insurance <ul style="list-style-type: none"> (a) Still targeting about \$1.5M, which is still close to 50¢ per lost dollar (b) Challenging PTO replenishment cost as reimbursable by FEMA o Benefits <ul style="list-style-type: none"> ■ Final workers comp inflow <ul style="list-style-type: none"> ▲ Tied to actuarial aggregated YTD benefit with combination of 1st dollar this year for a \$4M benefit ▲ Similar actual dollar amount should translate to the FY09 budgeting process, resulting in a reduced budgeted cost for FY09 o Excess overtime stabilized, but with a continued negative variance o Supplies <ul style="list-style-type: none"> ■ Slightly negative volume variance ■ Negative rate variance, most notably continuing in surgical medical supplies and implantables 			

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, MAY 27, 2008

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
	<ul style="list-style-type: none"> o Professional fees showed a negative variance <ul style="list-style-type: none"> ■ Due in part to the finalization of the Jacobus contract for HealthWoRx ■ Physician income guarantees are positive <ul style="list-style-type: none"> ▲ Recruitment efforts for FY08 & FY09 have been finalized <ul style="list-style-type: none"> (a) New agreements are already in place and/or offers are under negotiation o Investment income <ul style="list-style-type: none"> ■ Negative variance due to mark to market adjustments – will likely continue negative trend through FY08 • Key Variances YTD <ul style="list-style-type: none"> o Salaries & Wages with a continued negative variance <ul style="list-style-type: none"> ■ Discretionary bonus, excessive overtime and disaster relief account for majority of variance ■ Productivity slightly below 100% o Benefits showed a positive variance <ul style="list-style-type: none"> ■ Due to workers comp o Supplies still have a \$3.3M aggregate negative variance as previously discussed o Purchased services <ul style="list-style-type: none"> ■ Capital vs operating expense for facilities-related projects ■ Ongoing maintenance agreements o Investment income <ul style="list-style-type: none"> ■ \$4.8M positive variance, but will start eroding with mark to market adjustments • Statistical section behind traditional financial statements for review of detail – provided but not discussed <ul style="list-style-type: none"> o Most current Flash Report was distributed but not discussed (<i>Attachment 1</i>) 			
ADJOURNMENT	The meeting was adjourned at 7:38 p.m.			
SIGNATURES: <ul style="list-style-type: none"> • COMMITTEE CHAIR _____ Ted Kleiter • COMMITTEE SECRETARY _____ Tanya Howell 				

ATTACHMENT 1

May 08	May 2-8	May 9-15	May 16-22		MTD Total	MTD Budget	% Variance
ADC (Acute)	290	292	303	0	295	312	(5.34)
PMC	216	207	221	0	215	235	(8.86)
POM	74	85	82	0	81	76	5.48
PCCC	91	89	88	0	90	88	2.19
VP	123	122	122	0	122	123	(1.00)
Patient Days (Acute)	2031	2047	2120	0	6,198	6,548	(5.34)
PMC	1512	1450	1544		4,506	4,944	(8.86)
POM	519	597	576		1,692	1,604	5.48
PCCC	640	625	618		1,883	1,843	2.19
VP	859	851	856		2,566	2,592	(1.00)
Discharges	572	560	557	0	1,689	1,711	(1.30)
PMC	439	413	413		1,265	1,320	(4.14)
POM	133	147	144		424	392	8.29
Number of Surgeries	246	229	249	0	724	667	8.61
PMC	161	150	154		465	453	2.76
POM	85	79	95		259	214	20.99
Number of Births	102	101	94	0	297	316	(5.92)
PMC	81	77	73		231	253	(8.58)
POM	21	24	21		66	63	4.76

May 08	May 2-8	May 9-15	May 16-22		MTD Total	MTD Budget	% Variance
Outpatient Visits (inc. Lab)	2012	1904	1807	0	5,723	5,822	(1.70)
PMC	1256	1209	1139		3,604	3,844	(6.24)
POM	756	695	668		2,119	1,978	7.12
ER Visits	1750	1755	1747	0	5,252	5,023	4.56
PMC	1214	1224	1218		3,656	3,348	9.18
POM	536	531	529		1,596	1,675	(4.69)
Trauma Visits	23	23	15	0	61	82	(25.58)
IP	19	20	15		54	69	(21.85)
OP	4	3	0		7	13	(45.61)
Gross IP Revenue	19,585,124	20,343,427	19,897,511		59,826,062	59,507,597	0.54
Gross OP Revenue	6,828,209	6,905,341	6,713,711		20,447,261	18,135,878	12.74
Cash Collection	9,824,929	7,773,238	7,664,239		25,262,406	26,758,644	(5.59)
Days cash on hand	90	91	88		88	80	
Prod Hrs (PP 23)		217,363			217,363	214,057	(1.54)
PMC - North		125,381			125,381	122,957	(1.97)
POM - South		56,171			56,171	55,611	(1.01)
Others	-	35,811	-	-	35,811	35,489	(0.91)
Prod \$ (PP 23)		6,746,875			6,746,875	6,632,555	(1.72)
PMC - North		3,881,711			3,881,711	3,847,690	(0.88)
POM - South		1,668,537			1,668,537	1,620,619	(2.96)
Others	-	1,196,627	-	-	1,196,627	1,164,246	(2.78)

ADDENDUM B

Financial Statements

May 2008

PALOMAR
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FISCAL YEAR 2008
Balanced Scorecard
Financial Indicators

February						March		April		May		YTD 2008			% Actual	Prior Year
Actual	Actual	Actual	Actual	Budget / PY	Variance	% Actual to Budget		Actual	Budget	Variance	% Actual to Budget	Actual				
PPH Indicators:																
9.2%	7.4%	8.1%	0.8%	10.7%	(9.9%)	7.5%	OEBITDA Margin w/Prop Tax	6.2%	10.1%	(3.9%)	61.4%	9.3%				
\$2,429.69	\$2,426.76	\$2,669.98	\$2,742.23	\$2,655.38	\$ (86.85)	103.3%	Expenses/Wtd Day	2,671.77	\$2,678.07	\$ 6.30	99.8%	2,515.49				
\$1,408.08	\$1,346.10	\$1,508.97	\$1,591.05	\$1,577.84	\$ (13.21)	100.8%	SWB/Wtd Day	1,572.36	\$1,578.71	\$ 6.35	99.6%	1,502.16				
6.15	6.20	6.59	6.60	6.62	0.02	99.7%	Prod FTE's/Adj Occupied Bed	6.44	6.63	0.19	97.1%	6.03				
13,874	14,498	13,173	13,213	13,476	(263)	98.0%	Weighted Patient Days	147,106	143,691	3,415	103.3%	142,375				
PPH North Indicators:																
8.8%	9.5%	11.9%	1.1%	11.7%	(10.6%)	9.4%	OEBITDA Margin w/Prop Tax	7.1%	11.1%	(4.0%)	64.0%	9.3%				
\$2,274.22	\$2,318.27	\$2,375.62	\$2,610.99	\$2,507.57	\$ (103.42)	104.1%	Expenses/Wtd Day	2,531.92	\$2,521.99	\$ (9.93)	100.4%	2,393.58				
\$1,154.56	\$1,155.14	\$1,225.32	\$1,311.03	\$1,314.33	\$ 3.30	99.7%	SWB/Wtd Day	1,296.23	\$1,310.42	\$ 14.19	98.9%	1,245.41				
5.01	5.16	5.40	5.46	5.35	(0.11)	102.1%	Prod FTE's/Adj Occupied Bed	5.31	5.31	0.00	100.0%	5.08				
9,793	10,017	9,176	9,066	9,129	(63)	99.3%	Weighted Patient Days	102,252	100,745	1,507	103.8%	98,532				
PPH South Indicators:																
12.3%	4.3%	(23.9%)	(0.4%)	6.4%	(6.8%)	(6.3%)	OEBITDA Margin w/Prop Tax	2.0%	5.7%	(3.7%)	35.1%	7.1%				
\$2,354.27	\$2,268.94	\$3,170.66	\$2,698.47	\$2,545.32	\$ (153.15)	106.0%	Expenses/Wtd Day	2,604.57	\$2,568.00	\$ (36.57)	101.4%	2,420.30				
\$1,189.85	\$1,152.19	\$1,330.09	\$1,298.56	\$1,303.06	\$ 4.50	99.7%	SWB/Wtd Day	1,298.45	\$1,303.38	\$ 4.93	99.6%	1,252.78				
6.06	5.78	6.68	6.13	6.04	(0.09)	101.5%	Prod FTE's/Adj Occupied Bed	6.15	6.07	(0.08)	101.3%	5.38				
3,886	4,289	3,813	3,967	4,026	(59)	98.5%	Weighted Patient Days	42,534	40,753	1,781	103.9%	40,933				

Weighted Patient Days is compared with Prior Year Actual

Executive Summary of
Key Indicators

	MAY 2008			FY 08 Y-T-D @ May 2008			Moody Benchmark
	Actual	Budget	Variance	Actual	Budget	Variance	
<u>Statistics:</u>							
Acute Admissions	2,391	2,526	(135)	26,572	27,380	(808)	
Acute Patient Days	9,087	9,666	(579)	104,675	104,759	(84)	
Acute ALOS	3.66	3.83	(0.17)	3.91	3.83	0.08	
Case Mix Index (w/o Births)	1.43	1.34	0.09	1.40	1.34	0.06	
Total Surgeries	1,650	1,692	(42)	16,160	16,100	60	
Births	434	466	(32)	4,953	5,051	(98)	
E/R Visits & Admissions	7,235	7,415	(180)	81,756	80,377	1,379	
ER to Admit Rate	16.8%	17.4%	(0.6%)	16.3%	17.4%	(1.1%)	
Productivity %	100.3%	100%	0.3%	99.7%	100%	(0.3%)	
<u>Income Statement:</u>							
Net Patient Revenue	32,914,204	35,093,685	(2,179,481)	377,118,714	380,404,842	(3,286,128)	
Total Net Revenue	33,516,099	36,351,819	(2,835,720)	386,496,155	394,244,314	(7,748,159)	
Sal., Wages, Cont. Lbr	16,738,860	16,705,972	(32,888)	188,669,457	181,168,614	(7,500,843)	
Supplies	5,354,771	5,326,861	(27,910)	61,175,795	57,754,095	(3,421,700)	
Total Expenses	36,232,905	35,176,242	(1,056,663)	393,005,205	384,497,019	(8,508,186)	
Net Inc. (Loss) before Non-Op	(2,716,806)	1,175,577	(3,892,383)	(6,509,050)	9,747,295	(16,256,345)	
Net Income (Loss)	(2,122,797)	2,366,896	(4,489,693)	8,387,494	22,851,798	(14,464,304)	
<u>Cash Flow:</u>							
Cash Collections	35,500,000	33,100,000	2,400,000	367,400,000	364,100,000	3,300,000	
Days in A/R - Gross				45.7	52.4	(6.7)	
Days Cash on Hand				88	80	8	
<u>Ratios:</u>							
OEBITDA w/ Prop. Tax	0.8%	10.7%	(2.6%)	6.7%	10.0%	(3.3%)	
Net Income Margin	(5.9%)	6.2%	(5.4%)	2.8%	5.5%	(2.7%)	
Bad Debt % of Net Revenue	8.4%	8.6%	0.2%	9.8%	8.6%	(1.2%)	6.6%
Return On Assets	-	-	-	1.3%	3.7%	(2.4%)	4.7%
Annual Debt Service Coverage	-	-	-	2.2	3.2	(1.0)	4.5
Cushion Ratio	-	-	-	5.7	-	-	15.5

**Financial Results
Executive Summary & Highlights**

Statistics

	April	May	April vs May % Change	May Budget	Act vs Bud % Variance
CONSOLIDATED					
Patient Days Acute	9,112	9,087	(0.3%)	9,666	(6.0%)
Patient Days SNF	6,189	6,481	4.7%	6,546	(1.0%)
ADC Acute	303.73	293.13	(3.5%)	311.82	(6.0%)
ADC SNF	206.30	209.06	1.3%	211.16	(1.0%)
Surgeries CVS Cases	7	7	0.0%	12	(41.7%)
Surgeries Total	1,730	1,650	(4.6%)	1,692	(2.5%)
Number of Births	400	434	8.5%	466	(6.9%)
NORTH					
Patient Days Acute	6,689	6,539	(2.2%)	7,298	(10.4%)
Patient Days SNF	2,511	2,723	8.4%	2,720	0.1%
ADC Acute	222.95	210.93	(5.4%)	235.43	(10.4%)
ADC SNF	83.70	87.84	4.9%	87.74	0.1%
SOUTH					
Patient Days Acute	2,423	2,548	5.2%	2,368	7.6%
Patient Days SNF	3,678	3,758	2.2%	3,826	(1.8%)
ADC Acute	80.77	82.19	1.8%	76.38	7.6%
ADC SNF	122.60	121.23	(1.1%)	123.42	(1.8%)

Balance Sheet:

Current Cash & Cash Equivalents increased \$11.6 million from \$75.2 million in April to \$86.8 million in May. This increase is primarily due to the increase in Construction in Progress of \$17.3 million of which \$9.6 million was reimbursed by Bond funds. We also received \$4.2 million final reimbursement of tenant improvements related to the POP building and \$1.0 million insurance settlement for disaster relief related to the evacuation of Pomerado Hospital and Villa Pomerado. Total Cash and Investments are \$97.2 million, compared to \$85.6 million at April 30, 2008. Days Cash on Hand improved from 77 days in April to 88 days in May.

Net Accounts Receivable decreased to \$89.3 million in May as compared to \$91.2 million in April. Gross A/R days decreased from 47.4 days in April to 45.7 days in May. May patient account collections including capitation are \$35.5 million compared to budget of \$33.1 million. May YTD collections are \$367.4 million compared to budget of \$364.1 million.

Construction in Progress increased \$17.2 million from \$202.3 million in April to \$219.5 million in May. The increase is attributed to Building Expansion A & E Services and construction costs \$19.7 million and the Cerner Optimization Project \$0.5 million; less \$3.3 million due to the Pomerado Outpatient Pavillion tenant improvement net reimbursement.

Income Statement:

YTD Gross Patient Revenue reflects a favorable budget variance of \$52.7 million. The \$52.7 million favorable variance is composed of \$1.7 million unfavorable volume variance and \$54.4 million favorable rate variance based on adjusted discharges.

Routine revenue (inpatient room and board) reflects an unfavorable \$5.6 million budget variance. Inpatient Ancillary revenue represents a \$23.6 million favorable budget variance. North reflects \$9.0 million favorable variance and South reflects \$14.6 million favorable variance.

Outpatient revenue reflects a favorable budget variance of \$34.7 million. North has a \$32.5 million favorable variance and South has \$2.2 million favorable variance.

Deductions from Revenue reflect a YTD unfavorable variance of \$56.0 million. Total Deductions from Revenue is 70.88% of gross revenue compared to a budget of 69.38%. Deductions from Revenue (excluding Bad Debt/Charity/Undocumented expenses) is 66.20% of YTD Gross Revenue compared to budget of 65.12%.

Income Statement (cont'd):

The net capitation reflects a YTD unfavorable budget variance of \$5.6 million. Cap Premium and Out of Network Claim Expense both show a favorable budget variance of \$0.4 million and \$1.9 million, respectively. Cap Valuation shows an unfavorable variance of \$7.9 million.

Other Operating Revenue reflects a YTD unfavorable budget variance of \$4.5 million. The most significant contributor to this variance is the Foundation where actual revenue is zero versus a budget of \$3.2 million. After the budget was prepared, a change in procedure was initiated to credit the Foundation’s expenses instead of revenue for funding requests. Therefore, the offset to this revenue loss is a reduction to expenses. This variance will be ongoing throughout the year. PPNC Health Development has a YTD unfavorable variance of \$1.3 million. Also contributing to this variance is the Grant program for Home Health Outreach and Welcome Home Baby where the YTD variances are unfavorable by \$1.2 million and \$0.8 million, respectively. All these negative variances are partially offset by the Spartanburg class action settlement of \$0.2 million; VHA Rebates of \$0.2 million; the insurance settlement for the Graybill Auditorium water damage of \$0.2 million and the insurance claim for disaster relief of \$1.3 million.

Salaries, Wages & Contract Labor has a YTD unfavorable budget variance of \$7.5 million. The breakdown is as follows:

Consolidated	188,669,457	181,168,614	(7,500,843)
North	109,196,003	105,879,299	(3,316,704)
South	45,748,887	42,375,873	(3,373,014)
Central	25,847,274	24,857,061	(990,213)
Outreach	7,877,293	8,056,381	179,088

Income Statement (cont'd):

Benefits Expense has a YTD favorable budget variance of \$3.0 million. This variance can be broken down into the following categories: FICA – unfavorable by \$2.0 million; Workers Compensation – favorable by \$3.8 million; All Other Benefits - favorable by \$1.2 million.

Supplies Expense reflects a YTD unfavorable budget variance of \$3.4 million. The breakdown is prosthesis supplies at \$1.6 million, surgery general at \$0.7 million, and other supplies at \$1.1 million.

Prof Fees & Purchased Services reflect a YTD unfavorable budget variance of \$1.5 million. The favorable variance of \$0.7 million in professional fees is due to physician income guarantees not realized. The unfavorable variance of \$2.2 million in purchase services is due to contracted purchased services.

Non-Operating Income reflects a YTD favorable variance of \$1.8 million. This is due to a favorable investment income variance of \$1.1 million. Interest expense is also favorable by \$0.6 million and other at \$0.1 million.

Ratios & Margins:

All required Bond covenant ratios were achieved in May, 2008.

Key Variance Explanations

Month-To-Date May 2008

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
Net Income From Operations	(2,716,806)	1,175,577		(3,892,383)
Total Net Revenue				(2,179,481)
Net Patient Revenue			(2,179,481)	
Other Operating Revenue				(656,239)
PPH Foundation			(294,835)	
Home Health Outreach			(136,205)	
PPNC Health Development			(116,864)	
Welcome Home Baby			(71,475)	
Other			(36,860)	
Salaries & Wages				145,558
Volume variance			(578,321)	
Rate & Efficiency			723,879	
Excess Overtime 7,479				
Benefits				(70,683)
FICA			(201,601)	
Worke'rs Comp			(307,240)	
Other			438,158	
Contract Labor				(178,446)
Volume Variance			(27,215)	
Rate & Efficiency (Nursing & Non-Nursing)			(151,231)	

F I S C A L Y E A R 2 0 0 8
Key Variance Explanations
Month-To-Date May 2008 (cont'd)

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
Supplies				(27,910)
Volume variance			(193,081)	
Rate Variance			165,171	
Prosthesis (631000)	(216,824)			
Other	188,914			
Professional Fees				(291,356)
Revenue Cycle			(339,533)	
IT Consulting			(58,057)	
Physician Income Guarantees Not Realized			120,866	
Other			(14,632)	
Purchased Services				(166,340)
Repairs & Maintenance			(325,930)	
Other			159,590	
Depreciation				(80,335)
Depreciation			(80,335)	
Other Direct Expenses				(387,151)
POP Rent			(449,629)	
Other			62,478	
Total Actual to Budget MTD Variance for May 2008			(3,892,383)	(3,892,383)

Key Variance Explanations
Year-To-Date

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
Net Income From Operations	(6,509,050)	9,747,295		(16,256,345)
Total Net Revenue				(3,286,128)
Net Patient Revenue			(3,286,128)	
Other Operating Revenue				(4,462,031)
PPH Foundation			(3,243,183)	
PPNC Health Development			(1,254,966)	
Home Health Outreach			(1,184,044)	
Welcome Home Baby			(763,483)	
Disaster Relief			1,323,267	
Other			660,378	
Salaries & Wages				(5,303,746)
Volume variance			237,954	
Rate & Efficiency			(5,541,700)	
Excess Overtime (3,174,645)				
Benefits				3,042,685
FICA			(1,974,643)	
Worke'rs Comp			3,756,515	
Other			1,260,813	
Contract Labor				(2,197,097)
Volume Variance			11,193	
Rate & Efficiency (Nursing & Non-Nursing)			(2,208,290)	

Key Variance Explanations
Year-To-Date (cont'd)

	Actual	Budget	Variance Detail	Variance
Supplies				(3,421,700)
Volume variance			79,425	
Rate Variance			(3,501,125)	
Prosthesis (631000)		(1,638,094)		
Surgery General (634000)		(756,194)	--> da Vinci = (353,245)	
Other Non Medical (650000)		(674,767)		
Other Medical (641000)		(609,253)		
Other Minor Equipment (649000)		(375,451)		
Pharmacy (638000)		853,647		
Other		(221,588)		
Professional Fees				672,590
Revenue Cycle			(395,524)	
IT Consulting			(238,040)	
Physician Income Gurantees Not Realized			1,309,741	
Welcome Home Baby			745,589	
Other			(749,176)	
Purchased Services				(2,171,904)
Repairs & Maintenance			(2,171,904)	
Facilities (448,000)				
IT Consulting (547,000)				
Disaster Relief			(256,847)	
Other			256,847	
Depreciation				(238,929)
Depreciation			(238,929)	
Other Direct Expenses				1,109,915
POP Rent			(2,270,406)	
Foundation			2,241,873	
Other			1,138,448	
Total Actual to Budget YTD Variance for May 2008			(16,256,345)	(16,256,345)

**Balance Sheet
Consolidated**

	Current Month	Prior Month	Prior Fiscal Year End
Assets			
Current Assets			
Cash on Hand	\$12,629,317	\$5,376,287	\$1,365,825
Cash Marketable Securities	74,163,201	69,802,428	107,847,524
Total Cash & Cash Equivalents	86,792,518	75,178,715	109,213,349
Patient Accounts Receivable	180,874,207	193,548,391	160,767,031
Allowance on Accounts	(91,620,079)	(102,387,847)	(81,286,268)
Net Accounts Receivable	89,254,128	91,160,544	79,480,763
Inventories	7,124,114	7,409,608	7,025,980
Prepaid Expenses	3,523,479	3,982,571	2,071,008
Other	3,164,264	5,952,709	5,094,523
Total Current Assets	189,858,503	183,684,147	202,885,623
Non-Current Assets			
Restricted Assets	354,868,028	364,143,310	173,111,797
Restricted by Donor	303,600	302,156	296,184
Board Designated	10,441,218	10,376,256	0
Total Restricted Assets	365,612,846	374,821,722	173,407,981
Property Plant & Equipment	361,573,061	362,792,912	373,271,092
Accumulated Depreciation	(227,417,015)	(226,888,058)	(222,304,232)
Construction in Process	219,510,946	202,253,077	121,244,746
Net Property Plant & Equipment	353,666,992	338,157,931	272,211,606
Investment in Related Companies	1,750,582	1,750,582	265,204
Deferred Financing Costs	20,102,036	20,182,927	17,245,255
Other Non-Current Assets	7,058,324	6,966,047	5,715,558
Total Non-Current Assets	748,190,780	741,879,209	468,845,604
Total Assets	\$938,049,283	\$925,563,356	\$671,731,227

	Current Month	Prior Month	Prior Fiscal Year End
Liabilities			
Current Liabilities			
Accounts Payable	\$31,628,974	\$16,091,384	\$27,500,989
Accrued Payroll	13,503,507	17,100,447	14,778,493
Accrued PTO	14,135,114	14,144,666	12,638,138
Accrued Interest Payable	6,065,046	5,855,860	1,906,574
Current Portion of Bonds	9,660,000	9,660,000	13,220,000
Est Third Party Settlements	400,881	363,416	(2,579,788)
Other Current Liabilities	14,684,014	13,550,590	12,085,069
Total Current Liabilities	90,077,536	76,766,363	79,549,475
Long Term Liabilities			
Bonds & Contracts Payable	531,956,596	531,959,047	294,723,824
General Fund Balance			
Unrestricted	305,270,336	306,159,539	297,161,750
Restricted for Other Purpose	303,600	302,156	296,184
Board Designated	10,441,218	10,376,256	0
Total Fund Balance	316,015,154	316,837,951	297,457,934
Total Liabilities / Fund Balance	\$938,049,283	\$925,563,356	\$671,731,227

F I S C A L Y E A R 2 0 0 8
Income Statement: Monthly Trend
Consolidated

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	YTD
Statistics:												
Admissions - Acute	2,378	2,480	2,369	2,386	2,420	2,432	2,486	2,472	2,394	2,364	2,391	26,572
Admissions - SNF	98	83	95	82	79	97	75	85	110	99	95	998
Patient Days - Acute	9,000	9,910	9,617	9,161	9,291	9,397	9,876	9,970	10,254	9,112	9,087	104,675
Patient Days - SNF	6,453	6,703	6,262	6,200	6,252	6,441	6,448	5,932	6,288	6,189	6,481	69,649
LOS - Acute	3.77	4.03	4.03	3.85	3.84	3.82	3.95	4.04	4.15	3.89	3.66	3.91
LOS - SNF	74.17	77.94	63.90	68.89	90.61	68.52	80.60	68.98	59.32	63.80	68.22	70.49
Weighted Patient Days	12,587	13,756	13,284	12,775	12,969	13,000	13,967	13,874	14,498	13,173	13,213	147,106
Adjusted Discharges	3,283	3,357	3,250	3,272	3,305	3,357	3,458	3,387	3,476	3,349	3,545	37,034
Revenue:												
Gross Revenue	\$ 111,773,221	\$ 122,404,049	\$ 116,030,872	\$ 113,082,612	\$ 114,581,236	\$ 114,323,264	\$ 120,157,964	\$ 120,370,754	\$ 126,448,231	\$ 118,825,973	\$ 117,013,135	\$ 1,295,011,313
Deductions from Rev	(78,069,250)	(86,911,029)	(80,952,920)	(79,532,906)	(78,791,347)	(79,944,031)	(85,159,672)	(86,557,550)	(91,891,099)	(85,983,863)	(84,098,931)	(917,892,598)
Net Patient Revenue	33,703,971	35,493,020	35,077,952	33,549,706	35,789,889	34,379,233	34,998,292	33,813,204	34,557,132	32,842,110	32,914,204	377,118,715
Other Oper Revenue	701,388	986,768	719,079	1,046,518	644,683	657,106	563,842	722,950	528,361	2,204,855	601,895	9,377,440
Total Net Revenue	34,405,359	36,479,788	35,797,031	34,596,224	36,434,572	35,036,339	35,562,134	34,536,154	35,085,493	35,046,965	33,516,099	386,496,155
Expenses:												
Salaries, Wages & Contr Labor	16,158,669	16,464,478	16,477,521	17,451,691	17,312,652	19,926,214	17,049,645	16,891,071	17,050,799	17,147,856	16,738,860	188,669,457
Benefits	4,208,437	4,396,919	4,327,260	4,393,500	4,252,006	4,406,086	4,531,188	2,647,480	2,468,978	2,719,203	4,283,649	42,634,706
Supplies	4,942,769	5,720,791	5,111,919	5,436,382	5,624,615	5,349,701	6,122,338	5,671,856	6,046,544	5,794,111	5,354,770	61,175,795
Prof Fees & Purch Svc	4,291,556	5,235,293	5,463,126	5,405,362	5,518,907	4,989,017	5,336,191	4,604,768	5,755,967	5,634,146	5,388,389	57,622,721
Depreciation	1,787,630	1,785,978	1,804,198	1,804,702	1,911,015	1,887,683	1,597,900	1,721,380	1,786,633	1,850,277	1,862,750	19,800,146
Other	2,455,357	1,944,304	1,937,161	2,125,075	1,797,432	1,785,175	2,190,850	2,178,440	2,081,542	2,002,557	2,604,486	23,102,380
Total Expenses	33,844,418	35,547,763	35,121,185	36,616,712	36,416,627	38,343,876	36,828,112	33,714,995	35,190,463	35,148,150	36,232,905	393,005,205
Net Inc Before Non-Oper Income	560,941	932,026	675,846	(2,020,488)	17,945	(3,307,537)	(1,265,978)	821,159	(104,970)	(101,185)	(2,716,806)	(6,509,050)
Property Tax Revenue	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	12,375,000
Non-Operating Income	331,466	517,863	795,728	174,686	918,390	76,272	1,013,956	161,786	(116,618)	(820,995)	(530,991)	2,521,544
Net Income (Loss)	\$ 2,017,407	\$ 2,574,888	\$ 2,596,574	\$ (720,802)	\$ 2,061,335	\$ (2,106,265)	\$ 872,978	\$ 2,107,945	\$ 903,412	\$ 202,820	\$ (2,122,797)	\$ 8,387,494
Net Income Margin	5.8%	5.8%	7.3%	(2.1%)	5.2%	(5.7%)	2.3%	5.3%	2.4%	0.6%	(5.9%)	2.0%
OEBITDA Margin w/o Prop Tax	6.8%	6.1%	7.0%	(0.6%)	4.9%	(3.8%)	0.9%	6.4%	4.4%	4.9%	(2.4%)	3.2%
OEBITDA Margin with Prop Tax	10.1%	8.6%	10.1%	2.6%	7.7%	(0.8%)	3.8%	9.2%	7.4%	8.1%	0.8%	6.2%

**Income Statement: Fiscal Year-to-Date
Consolidated – Adjusted Discharges**

				Variance		\$/Adjusted Discharges		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	26,572	27,380	(808)					
Admissions - SNF	998	1,053	(55)					
Patient Days - Acute	104,675	104,759	(84)					
Patient Days - SNF	69,649	70,952	(1,303)					
ALOS - Acute	3.91	3.83	0.08					
ALOS - SNF	70.49	68.09	2.40					
Adjusted Discharges	37,034	37,085	(51)					
Revenue:								
Gross Revenue	\$ 1,295,011,313	\$ 1,242,330,247	\$ 52,681,066 F	\$ (1,708,476)	\$ 54,389,542	\$34,968.17	\$ 33,499.53	\$ 1,468.64
Deductions from Rev	(917,892,599)	(861,925,405)	(55,967,194) U	1,185,336	(57,152,530)	(24,785.13)	(23,241.89)	(1,543.24)
Net Patient Revenue	377,118,714	380,404,842	(3,286,128) U	(523,140)	(2,762,988)	10,183.04	10,257.65	(74.61)
Other Oper Revenue	9,377,441	13,839,472	(4,462,031) U	(19,032)	(4,442,999)	253.21	373.18	(119.97)
Total Net Revenue	386,496,155	394,244,314	(7,748,159) U	(542,172)	(7,205,987)	10,436.25	10,630.83	(194.58)
Expenses:								
Salaries, Wages & Contr Labor	188,669,457	181,168,614	(7,500,843) U	249,147	(7,749,990)	5,094.49	4,885.23	(209.27)
Benefits	42,634,706	45,677,391	3,042,685 F	62,816	2,979,869	1,151.23	1,231.69	80.46
Supplies	61,175,795	57,754,095	(3,421,700) U	79,425	(3,501,125)	1,651.88	1,557.34	(94.54)
Prof Fees & Purch Svc	57,622,721	56,123,407	(1,499,314) U	77,182	(1,576,496)	1,555.94	1,513.37	(42.57)
Depreciation	19,800,146	19,561,217	(238,929) U	26,901	(265,830)	534.65	527.47	(7.18)
Other	23,102,380	24,212,295	1,109,915 F	33,297	1,076,618	623.82	652.89	29.07
Total Expenses	393,005,205	384,497,019	(8,508,186) U	528,768	(9,036,954)	10,612.01	10,367.99	(244.02)
Net Inc Before Non-Oper Income	(6,509,050)	9,747,295	(16,256,345) U	(13,405)	(16,242,940)	(175.76)	262.84	(438.60)
Property Tax Revenue	12,375,000	12,375,000	- -	(17,018)	17,018	334.15	333.69	0.46
Non-Operating Income	2,521,544	729,503	1,792,041 F	(1,003)	1,793,044	68.09	19.67	48.42
Net Income (Loss)	\$ 8,387,494	\$ 22,851,798	\$ (14,464,304) U	\$ (31,426)	\$ (14,432,878)	\$ 226.48	\$ 616.20	\$ (389.72)
Net Income Margin	2.0%	5.5%	(3.5%)					
OEBITDA Margin w/o Prop Tax	3.2%	7.1%	(3.9%)					
OEBITDA Margin with Prop Tax	6.2%	10.1%	(3.9%)					

F= Favorable variance
U= Unfavorable variance

**Income Statement: Month-to-Date
Consolidated – Adjusted Discharges**

				Variance		\$/Adjusted Discharges		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	2,391	2,526	(135)					
Admissions - SNF	95	97	(2)					
Patient Days - Acute	9,087	9,666	(579)					
Patient Days - SNF	6,481	6,546	(65)					
ALOS - Acute	3.66	3.83	(0.17)					
ALOS - SNF	68.22	68.19	0.03					
Adjusted Discharges	3,545	3,421	124					
Revenue:								
Gross Revenue	\$ 117,013,135	\$ 114,616,558	\$ 2,396,577 F	\$ 4,154,473	\$ (1,757,896)	\$ 33,007.94	\$ 33,503.82	\$ (495.88)
Deductions from Rev	(84,098,931)	(79,522,873)	(4,576,058) U	(2,882,443)	(1,693,615)	(23,723.25)	(23,245.51)	(477.75)
Net Patient Revenue	32,914,204	35,093,685	(2,179,481) U	1,272,031	(3,451,512)	9,284.68	10,258.31	(973.63)
Other Oper Revenue	601,895	1,258,134	(656,239) U	45,603	(701,842)	169.79	367.77	(197.98)
Total Net Revenue	33,516,099	36,351,819	(2,835,720) U	1,317,634	(4,153,354)	9,454.47	10,626.08	(1,171.61)
Expenses:								
Salaries, Wages & Contr Labor	16,738,860	16,705,972	(32,888) U	(605,537)	572,649	4,721.82	4,883.36	161.54
Benefits	4,283,649	4,212,966	(70,683) U	(152,706)	82,023	1,208.36	1,231.50	23.14
Supplies	5,354,770	5,326,861	(27,910) U	(193,081)	165,172	1,510.51	1,557.11	46.59
Prof Fees & Purch Svc	5,388,389	4,930,693	(457,696) U	(178,721)	(278,975)	1,520.00	1,441.30	(78.70)
Depreciation	1,862,750	1,782,415	(80,335) U	(64,607)	(15,728)	525.46	521.02	(4.44)
Other	2,604,486	2,217,335	(387,151) U	(80,371)	(306,780)	734.69	648.15	(86.54)
Total Expenses	36,232,905	35,176,242	(1,056,663) U	(1,275,023)	218,361	10,220.85	10,282.44	61.60
Net Inc Before Non-Oper Income	(2,716,806)	1,175,577	(3,892,383) U	42,611	(3,934,993)	(766.38)	343.64	(1,110.01)
Property Tax Revenue	1,125,000	1,125,000	- -	40,778	(40,778)	317.35	328.85	(11.50)
Non-Operating Income	(530,991)	66,319	(597,310) U	2,404	(599,714)	(149.79)	19.39	(169.17)
Net Income (Loss)	\$ (2,122,797)	\$ 2,366,896	\$ (4,489,693) U	\$ 85,792	\$ (4,575,484)	\$ (598.81)	\$ 691.87	\$ (1,290.69)
Net Income Margin	(5.9%)	6.2%	(12.1%)					
OEBITDA Margin w/o Prop Tax	(2.4%)	7.8%	(10.2%)					
OEBITDA Margin with Prop Tax	0.8%	10.7%	(9.9%)					

F= Favorable variance
U= Unfavorable variance

**Income Statement: Current vs. Prior Year-to-Date
Consolidated – Adjusted Discharges**

	May 08 YTD	May 07 YTD	Variance	Variance		\$/Adjusted Discharges		
				Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	26,572	26,589	(17)					
Admissions - SNF	998	1,043	(45)					
Patient Days - Acute	104,675	103,256	1,419					
Patient Days - SNF	69,649	70,737	(1,088)					
ALOS - Acute	3.91	3.85	0.06					
ALOS - SNF	70.49	68.48	2.01					
Adjusted Discharges	37,034	37,146	(112)					
Revenue:								
Gross Revenue	\$ 1,295,011,313	\$ 1,139,875,148	\$ 155,136,165 F	\$ (3,436,871)	\$ 158,573,036	\$34,968.17	\$ 30,686.35	\$ 4,281.82
Deductions from Rev	(917,892,599)	(785,990,279)	(131,902,320) U	2,369,862	(134,272,182)	(24,785.13)	(21,159.49)	(3,625.65)
Net Patient Revenue	377,118,714	353,884,869	23,233,845 F	(1,067,009)	24,300,854	10,183.04	9,526.86	656.18
Other Oper Revenue	9,377,441	9,621,189	(243,748) U	(29,009)	(214,739)	253.21	259.01	(5.80)
Total Net Revenue	386,496,155	363,506,058	22,990,097 F	(1,096,018)	24,086,115	10,436.25	9,785.87	650.38
Expenses:								
Salaries, Wages & Contr Labor	188,669,457	169,939,537	(18,729,920) U	512,390	(19,242,310)	5,094.49	4,574.91	(519.58)
Benefits	42,634,706	43,929,966	1,295,260 F	132,455	1,162,805	1,151.23	1,182.63	31.40
Supplies	61,175,795	55,960,575	(5,215,220) U	168,728	(5,383,948)	1,651.88	1,506.50	(145.38)
Prof Fees & Purch Svc	57,622,721	48,772,897	(8,849,824) U	147,057	(8,996,881)	1,555.94	1,313.01	(242.94)
Depreciation	19,800,146	18,586,177	(1,213,969) U	56,040	(1,270,009)	534.65	500.35	(34.29)
Other	23,102,380	20,783,062	(2,319,318) U	62,664	(2,381,982)	623.82	559.50	(64.32)
Total Expenses	393,005,205	357,972,214	(35,032,991) U	1,079,333	(36,112,324)	10,612.01	9,636.90	(975.11)
Net Inc Before Non-Oper Income	(6,509,050)	5,533,844	(12,042,894) U	(16,685)	(12,026,209)	(175.76)	148.98	(324.73)
Property Tax Revenue	12,375,000	11,595,826	779,174 F	(34,963)	814,137	334.15	312.17	21.98
Non-Operating Income	2,521,544	1,881,394	640,150 F	(5,673)	645,823	68.09	50.65	17.44
Net Income (Loss)	\$ 8,387,494	\$ 19,011,064	\$ (10,623,570) U	\$ (57,321)	\$ (10,566,249)	\$ 226.48	\$ 511.79	\$ (285.31)
Net Income Margin	2.0%	4.9%	(2.9%)					
OEBITDA Margin w/o Prop Tax	3.2%	6.3%	(3.1%)					
OEBITDA Margin with Prop Tax	6.2%	9.3%	(3.1%)					

F= Favorable variance
U= Unfavorable variance

FISCAL YEAR 2008
Income Statement: Fiscal Year Projection
Consolidated – Adjusted Discharges

	11 Act + 1 Bud	FY 08 Budget	Variance	Variance		\$/Adjusted Discharges		
				Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	29,019	29,827	(808)					
Admissions - SNF	1,092	1,147	(55)					
Patient Days - Acute	114,027	114,111	(84)					
Patient Days - SNF	75,960	77,263	(1,303)					
Adjusted Discharges	40,346	40,397	(51)					
Revenue:								
Gross Revenue	\$ 1,405,946,333	\$ 1,353,265,267	\$ 52,681,066 F	\$ (1,708,457)	\$ 54,389,523	\$ 34,847.23	\$ 33,499.15	\$ 1,348.08
Deductions from Rev	(994,850,261)	(938,883,067)	(55,967,194) U	1,185,312	(57,152,506)	(24,657.97)	(23,241.41)	(1,416.56)
Net Patient Revenue	411,096,072	414,382,200	(3,286,128) U	(523,145)	(2,762,983)	10,189.26	10,257.75	(68.48)
Other Oper Revenue	10,635,575	15,097,606	(4,462,031) U	(19,060)	(4,442,971)	263.61	373.73	(110.12)
Total Net Revenue	421,731,647	429,479,806	(7,748,159) U	(542,205)	(7,205,954)	10,452.87	10,631.48	(178.60)
Expenses:								
Salaries, Wages & Contr Labor	204,855,001	197,354,158	(7,500,843) U	249,154	(7,749,997)	5,077.46	4,885.37	(192.09)
Benefits	46,714,462	49,757,147	3,042,685 F	62,817	2,979,868	1,157.85	1,231.70	73.86
Supplies	66,335,973	62,914,273	(3,421,700) U	79,427	(3,501,127)	1,644.18	1,557.40	(86.78)
Prof Fees & Purch Svc	62,428,144	60,928,830	(1,499,314) U	76,921	(1,576,235)	1,547.32	1,508.25	(39.07)
Depreciation	21,582,561	21,343,632	(238,929) U	26,946	(265,875)	534.94	528.35	(6.59)
Other	25,284,048	26,393,963	1,109,915 F	33,322	1,076,593	626.68	653.36	26.68
Total Expenses	427,200,189	418,692,003	(8,508,186) U	528,586	(9,036,772)	10,588.41	10,364.43	(223.98)
Net Inc Before Non-Oper Income	(5,468,542)	10,787,803	(16,256,345) U	(13,619)	(16,242,726)	(135.54)	267.04	(402.59)
Property Tax Revenue	13,500,000	13,500,000	- -	(17,043)	17,043	334.61	334.18	0.42
Non-Operating Income	2,587,863	795,822	1,792,041 F	(1,005)	1,793,046	64.14	19.70	44.44
Net Income (Loss)	\$ 10,619,321	\$ 25,083,625	\$ (14,464,304) U	\$ (31,667)	\$ (14,432,637)	\$ 263.21	\$ 620.93	\$ (357.72)
Net Income Margin	2.4%	5.6%	(3.2%)					
OEBITDA Margin w/o Prop Tax	3.6%	7.1%	(3.5%)					
OEBITDA Margin with Prop Tax	6.6%	10.1%	(3.5%)					

F= Favorable variance
U= Unfavorable variance

F I S C A L Y E A R 2 0 0 8
Statement of Cash Flows

Fiscal Year 2008	May	YTD
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss) from operations	(2,716,806)	(6,509,048)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	1,862,750	19,800,146
Provision for bad debts	2,758,690	36,897,983
Changes in operating assets and liabilities:		
Patient accounts receivable	(852,274)	(39,308,196)
Property Tax and other receivables	323,692	(24,968,580)
Inventories	285,494	(82,842)
Prepaid expenses and Other Non-Current assets	459,092	(1,412,604)
Accounts payable	15,537,590	63,567
Accrued compensation	(3,606,492)	(324,128)
Estimated settlement amounts due third-party payors	37,465	1,985,078
Other current liabilities	3,489,217	19,035,542
Net cash provided by operating activities	17,578,418	5,176,918
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales of investments	4,848,103	(150,524,899)
Interest (Loss) received on investments	(200,257)	6,379,846
Investment in affiliates	(416,064)	(2,012,363)
Net cash used in investing activities	4,231,782	(146,157,416)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipt of G.O. Bond Taxes	1,096,279	11,468,021
Receipt of District Taxes	1,225,488	13,138,442
Net cash used in non-capital financing activities	2,321,767	24,606,463
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property plant and equipment	(15,729,036)	(88,134,852)
Proceeds from sale of asset	0	35
Deferred Financing Costs	80,891	(15,225,034)
G.O. Bond Interest paid	0	(3,382,325)
Revenue Bond Interest paid	(1,230,793)	(3,086,995)
Proceeds from issuance of debt	0	246,791,175
Payments of Long Term Debt	0	(13,220,000)
Net cash used in activities	(16,878,938)	123,742,003
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,253,030	7,367,969
CASH AND CASH EQUIVALENTS - Beginning of period	5,376,287	5,261,349
CASH AND CASH EQUIVALENTS - End of period	12,629,317	12,629,317

Summary of Key Indicators & Results
Fiscal Year-to-Date

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2007</u>
<u>ADMISSIONS - Acute:</u>				
Palomar Medical Center	19,928	21,113	(1,185)	20,301
Pomerado Hospital	6,644	6,267	377	6,288
Total:	<u>26,572</u>	<u>27,380</u>	<u>(808)</u>	<u>26,589</u>
<u>ADMISSIONS - SNF:</u>				
Palomar Medical Center	477	541	(64)	530
Pomerado Hospital	521	512	9	513
Total:	<u>998</u>	<u>1,053</u>	<u>(55)</u>	<u>1,043</u>
<u>PATIENT DAYS - Acute:</u>				
Palomar Medical Center	77,408	79,095	(1,687)	77,220
Pomerado Hospital	27,267	25,664	1,603	26,036
Total:	<u>104,675</u>	<u>104,759</u>	<u>(84)</u>	<u>103,256</u>
<u>PATIENT DAYS- SNF:</u>				
Palomar Medical Center	28,285	29,481	(1,196)	29,247
Pomerado Hospital	41,364	41,471	(107)	41,490
Total:	<u>69,649</u>	<u>70,952</u>	<u>(1,303)</u>	<u>70,737</u>

Summary of Key Indicators & Results
Fiscal Year-to-Date

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2007</u>
<u>EMERGENCY ROOM VISITS & TRAUMA CASES:</u>				
Palomar Medical Center	46,027	43,078	2,949	42,275
Pomerado Hospital	22,405	23,315	(910)	20,945
Total:	<u>68,432</u>	<u>66,393</u>	<u>2,039</u>	<u>63,220</u>
<u>EMERGENCY & TRAUMA ADMISSIONS:</u>				
Palomar Medical Center	10,011	10,504	(493)	10,258
Pomerado Hospital	3,313	3,480	(167)	3,705
Total:	<u>13,324</u>	<u>13,984</u>	<u>(660)</u>	<u>13,963</u>
<u>SURGERIES:</u>				
Palomar Medical Center	9,800	9,921	(121)	7,271
Pomerado Hospital	6,360	6,179	181	6,308
Total:	<u>16,160</u>	<u>16,100</u>	<u>60</u>	<u>13,579</u>
<u>BIRTHS:</u>				
Palomar Medical Center	3,855	4,043	(188)	3,963
Pomerado Hospital	1,098	1,008	90	990
Total:	<u>4,953</u>	<u>5,051</u>	<u>(98)</u>	<u>4,953</u>

Summary of Key Indicators & Results
Fiscal Year-to-Date

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2007</u>
<u>WEIGHTED PATIENT DAYS</u>				
Palomar Medical Center	102,252	100,745	1,507	98,532
Pomerado Hospital	42,534	40,753	1,781	40,933
Other Activities	2,320	2,193	127	2,910
Total:	147,106	143,691	3,415	142,375
<u>ADJUSTED DISCHARGES</u>				
Palomar Medical Center	26,454	26,909	(455)	26,130
Pomerado Hospital	9,858	9,404	454	10,126
Other Activities	722	772	(50)	890
Total:	37,034	37,085	(51)	37,146
<u>AVERAGE LENGTH OF STAY- Acute:</u>				
Palomar Medical Center	3.86	3.75	0.11	3.77
Pomerado Hospital	4.07	4.10	(0.03)	4.11
Total:	3.91	3.83	0.08	3.85
<u>AVERAGE LENGTH OF STAY - SNF:</u>				
Palomar Medical Center	60.83	55.62	5.21	56.79
Pomerado Hospital	79.09	81.00	(1.91)	80.10
Total:	70.49	68.09	2.40	68.48

Supplies Expense
Year-to-Date

Account	Descriptions	ACTUAL	BUDGET	VARIANCE
631000	Prosthesis	14,537,013	12,898,919	(1,638,094)
634000	Surgery General	4,402,199	3,646,005	(756,194)
650000	Other Non Medical	6,568,042	5,893,275	(674,767)
641000	Other Medical	13,609,513	13,000,260	(609,253)
649000	Other Minor Equipment	1,113,370	737,919	(375,451)
646000	Office / Admin	1,081,402	977,526	(103,876)
636000	Oxygen / Gas	308,207	241,887	(66,320)
642000	Food / Meat	532,256	470,909	(61,347)
647000	Employee Apparel	145,562	85,252	(60,310)
639000	Radioactive	756,305	713,490	(42,815)
645000	Supplies Cleaning	391,502	352,280	(39,222)
635000	Anesthesia Material	15,913	7,948	(7,965)
632000	Sutures / Surg Needles	1,425,019	1,418,579	(6,440)
644000	Supplies Linen	29,889	24,602	(5,287)
633000	Surgical Pack	1,714,766	1,713,880	(886)
648000	Instruments / Minor Equipment	363,769	383,135	19,366
637000	IV Solutions	439,249	474,556	35,307
640000	X-ray Material	33,290	69,954	36,664
643000	Food Other	2,379,846	2,420,103	40,257
646100	Forms	518,515	559,801	41,286
638000	Pharmaceutical	10,810,168	11,663,815	853,647
Total		61,175,795	57,754,095	(3,421,700)

da Vinci \$353,245

FISCAL YEAR 2008

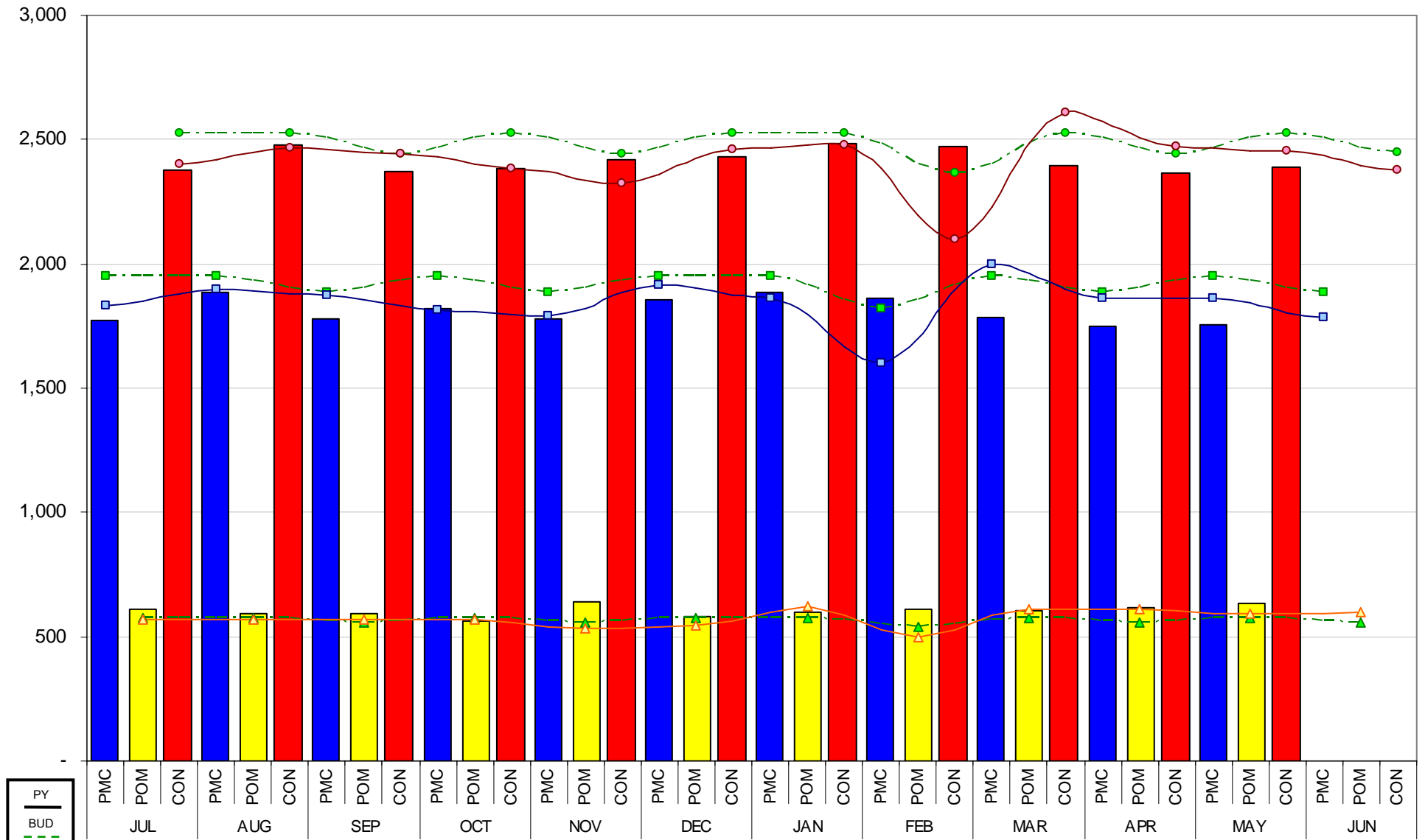
Bond Covenant Ratios

Cushion Ratio	Jun-06	Jun-07	May-08
Cash and Cash Equivalents	112,036,430	109,213,349	86,792,518
Board Designated Reserves	9,267,526	-	10,441,218
Trustee-held Funds (Revenue Fund only)	252,463	249,531	170,997
Total	121,556,419	109,462,880	97,404,733
Divided by:			
Annual Debt Service (excludes GO Bonds) (Bond Year 11/1/2008)	10,697,594	16,972,692	16,972,692
Cushion Ratio	11.4	6.4	5.7
REQUIREMENT	1.5	1.5	1.5
	Achieved	Achieved	Achieved

Days Cash on Hand	Jun-06	Jun-07	May-08
Cash and Cash Equivalents	112,036,430	109,213,349	86,792,518
Board Designated Reserves	9,267,526	-	10,441,218
Trustee-held Funds (Revenue Fund only)	252,463	249,531	170,997
Total	121,556,419	109,462,880	97,404,733
Divide Total by Average Adjusted Expenses per Day			
Total Expenses	364,120,335	385,355,509	393,005,205
Less: Depreciation	18,737,467	19,453,013	19,800,146
Adjusted Expenses	345,382,868	365,902,496	373,205,059
Number of days in period	365	365	336
Average Adjusted Expenses per Day	946,254	1,002,473	1,110,729
Days Cash on Hand	128	109	88
REQUIREMENT	90	80	80
	Achieved	Achieved	Achieved

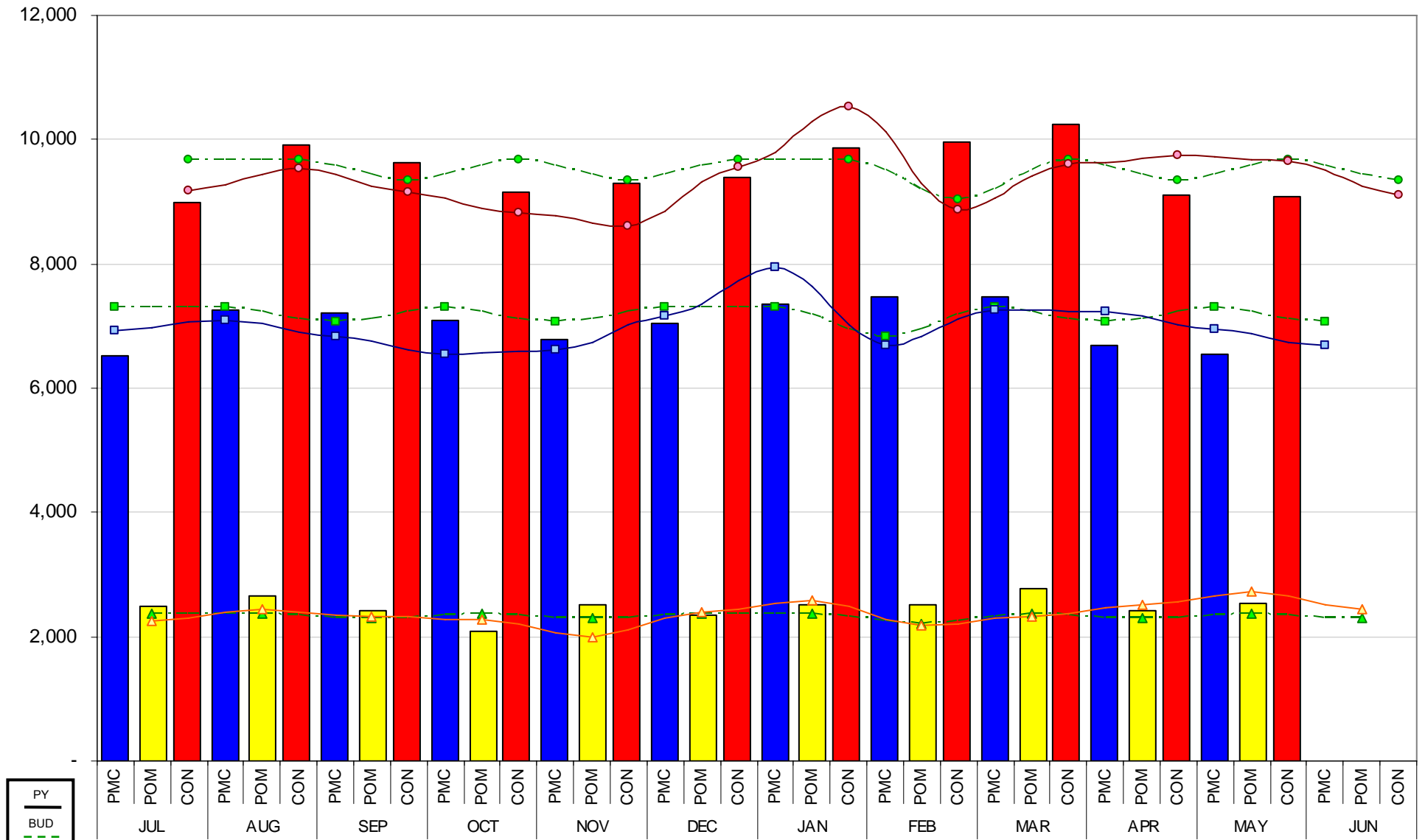
Net Income Available for Debt Service	Jun-06	Jun-07	May-08
Excess of revenue over expenses Cur Mo.	1,315,850	2,963,446	(2,122,797)
Excess of revenues over expenses YTD (General Funds)	11,558,633	21,974,509	8,387,494
ADD:			
Depreciation and Amortization	18,737,467	19,453,013	19,800,146
Interest Expense	4,405,929	3,343,683	4,179,161
Net Income Available for Debt Service	34,702,029	44,771,205	32,366,801
Aggregate Debt Service			
1993 Insured Refunding Revenue Bonds	3,639,772	0	0
1999 Insured Refunding Revenue Bonds	6,950,508	8,249,916	7,563,311
2006 Certificates of Participation		4,373,342	7,179,631
Aggregate Debt Service	10,590,280	12,623,258	14,742,943
Net Income Available for Debt Service	3.28	3.55	2.20
Required Coverage	1.15	1.15	1.15
	Achieved	Achieved	Achieved

Statistical Indicators
Admissions - Acute

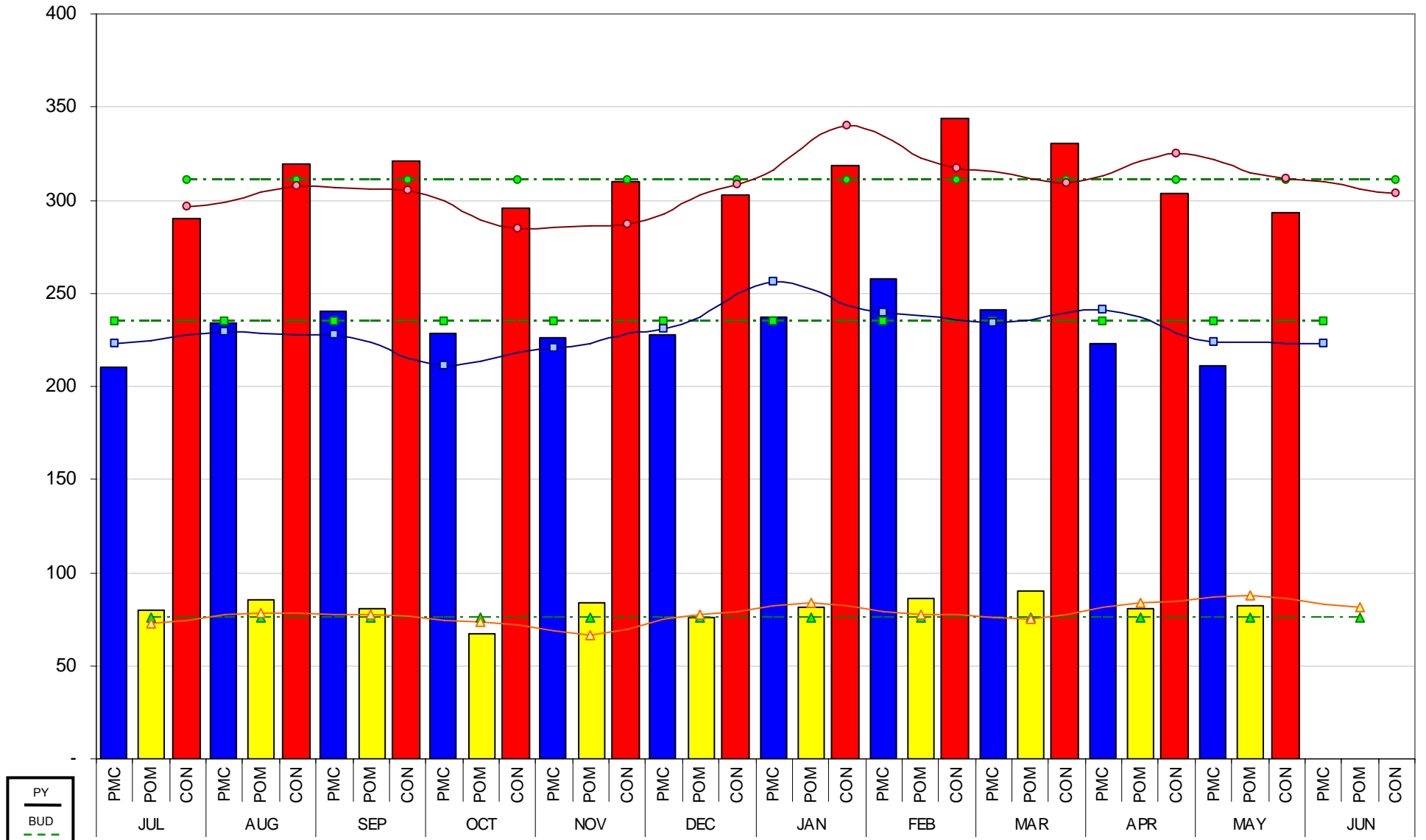


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	1,770	1,885	1,777	1,823	1,780	1,853	1,886	1,864	1,787	1,747	1,756	-	19,928	21,113
POM	608	595	592	563	640	579	600	608	607	617	635	-	6,644	6,267
CON	2,378	2,480	2,369	2,386	2,420	2,432	2,486	2,472	2,394	2,364	2,391	-	26,572	27,380

Statistical Indicators
Patient Days – Acute

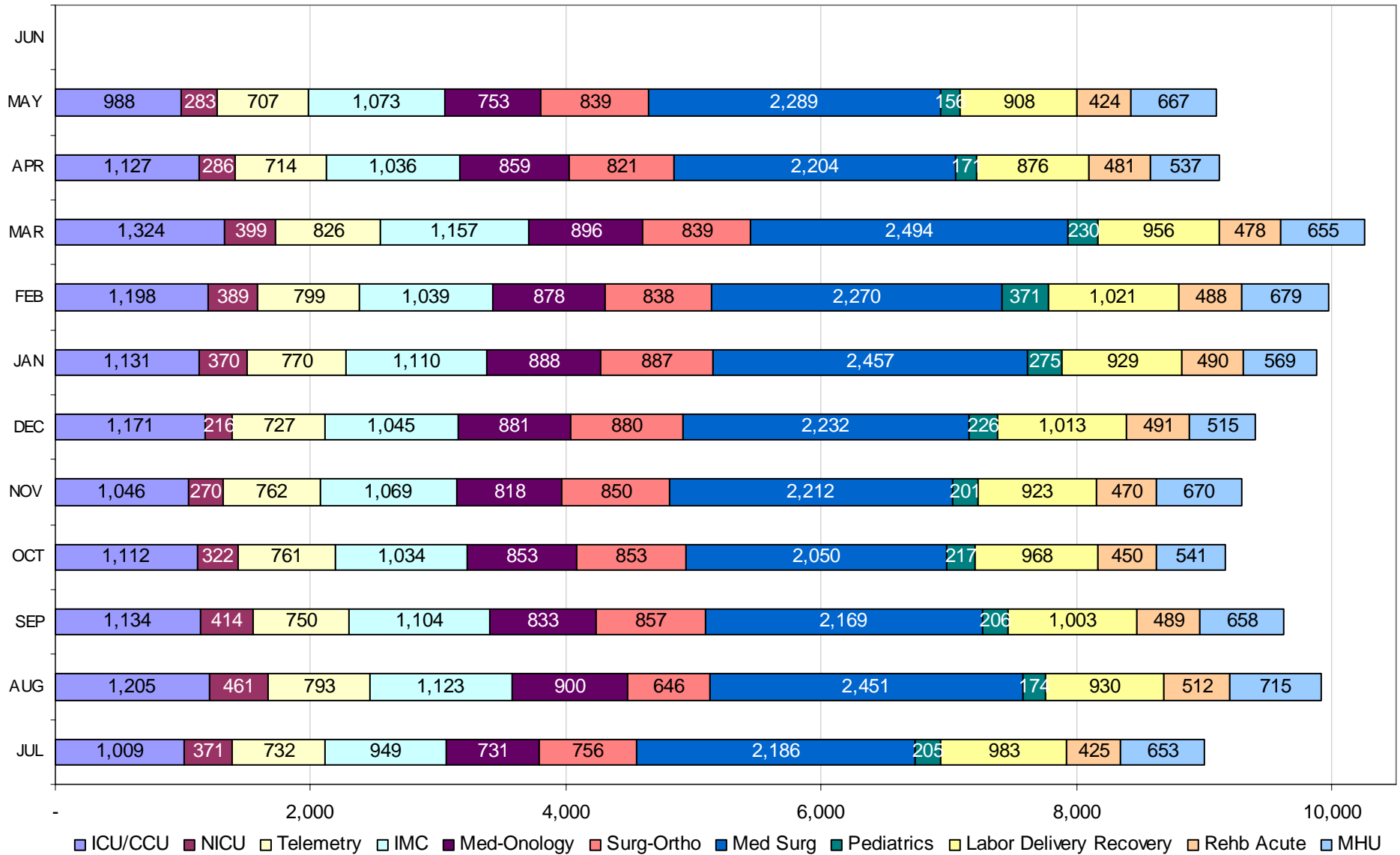


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	6,516	7,255	7,205	7,081	6,789	7,049	7,351	7,466	7,468	6,689	6,539	-	77,408	79,095
POM	2,484	2,655	2,412	2,080	2,502	2,348	2,525	2,504	2,786	2,423	2,548	-	27,267	25,664
CON	9,000	9,910	9,617	9,161	9,291	9,397	9,876	9,970	10,254	9,112	9,087	-	104,675	104,759



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	210	234	240	228	226	227	237	257	241	223	211	-	230	235
POM	80	86	80	67	83	76	81	86	90	81	82	-	81	76
CON	290	320	321	296	310	303	319	344	331	304	293	-	312	312

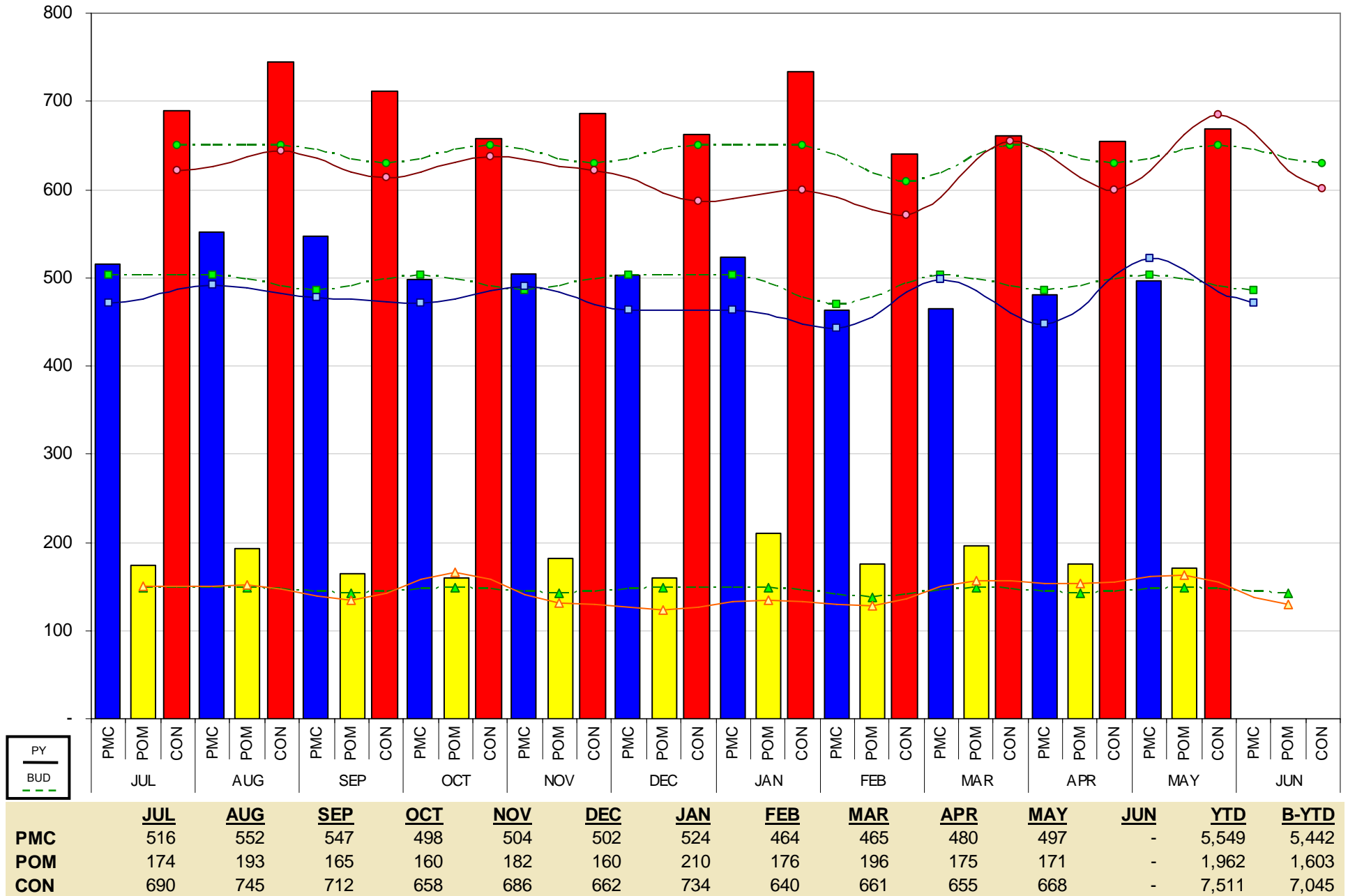
Statistical Indicators
Patient Days



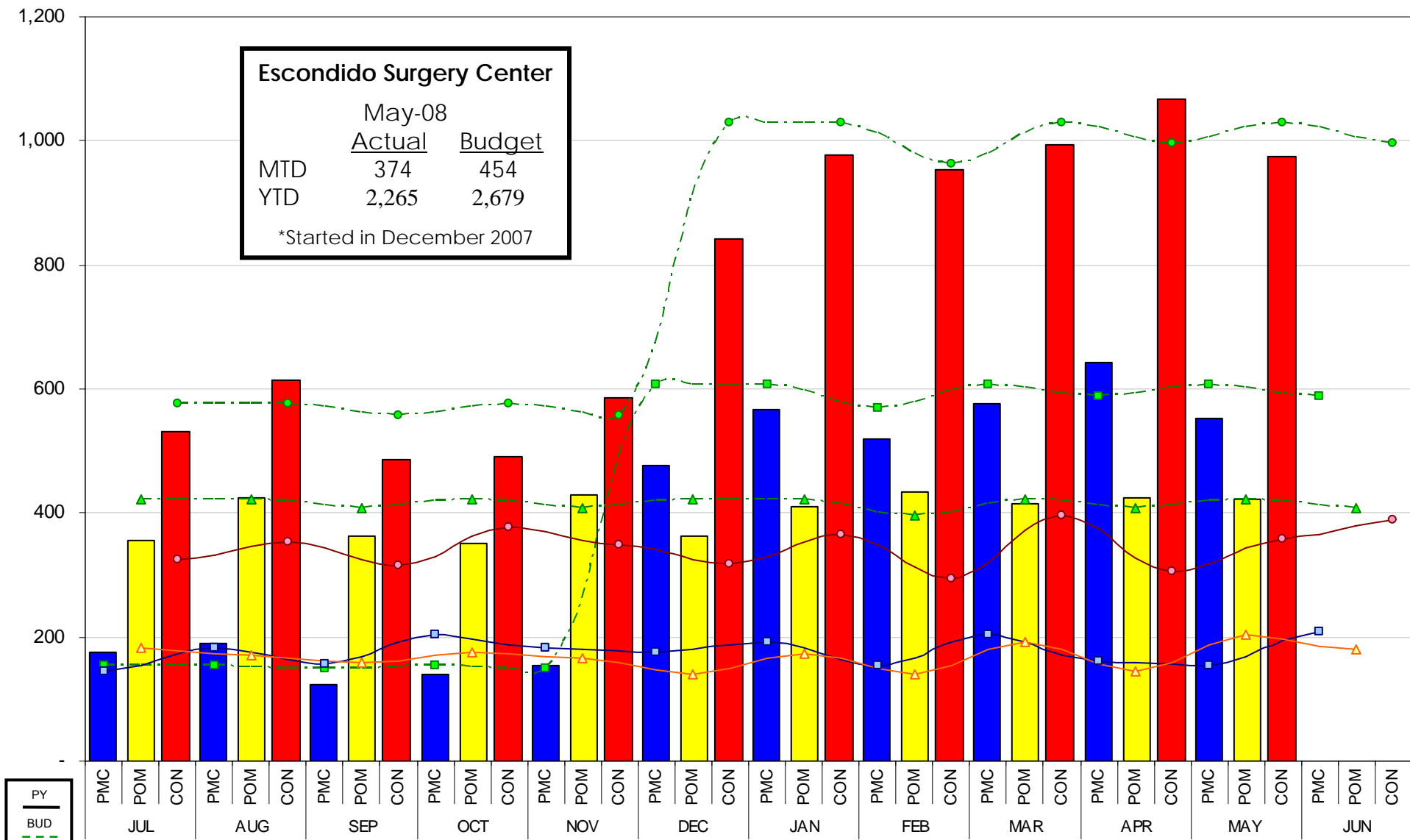
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	6,516	7,255	7,205	7,081	6,789	7,049	7,351	7,466	7,468	6,689	6,539	-	77,408	79,095
POM	2,484	2,655	2,412	2,080	2,502	2,348	2,525	2,504	2,786	2,423	2,548	-	27,267	25,664
CON	9,000	9,910	9,617	9,161	9,291	9,397	9,876	9,970	10,254	9,112	9,087	-	104,675	104,759

Statistical Indicators

Surgeries (Inpatient only)



Statistical Indicators
Surgeries (Outpatient only)



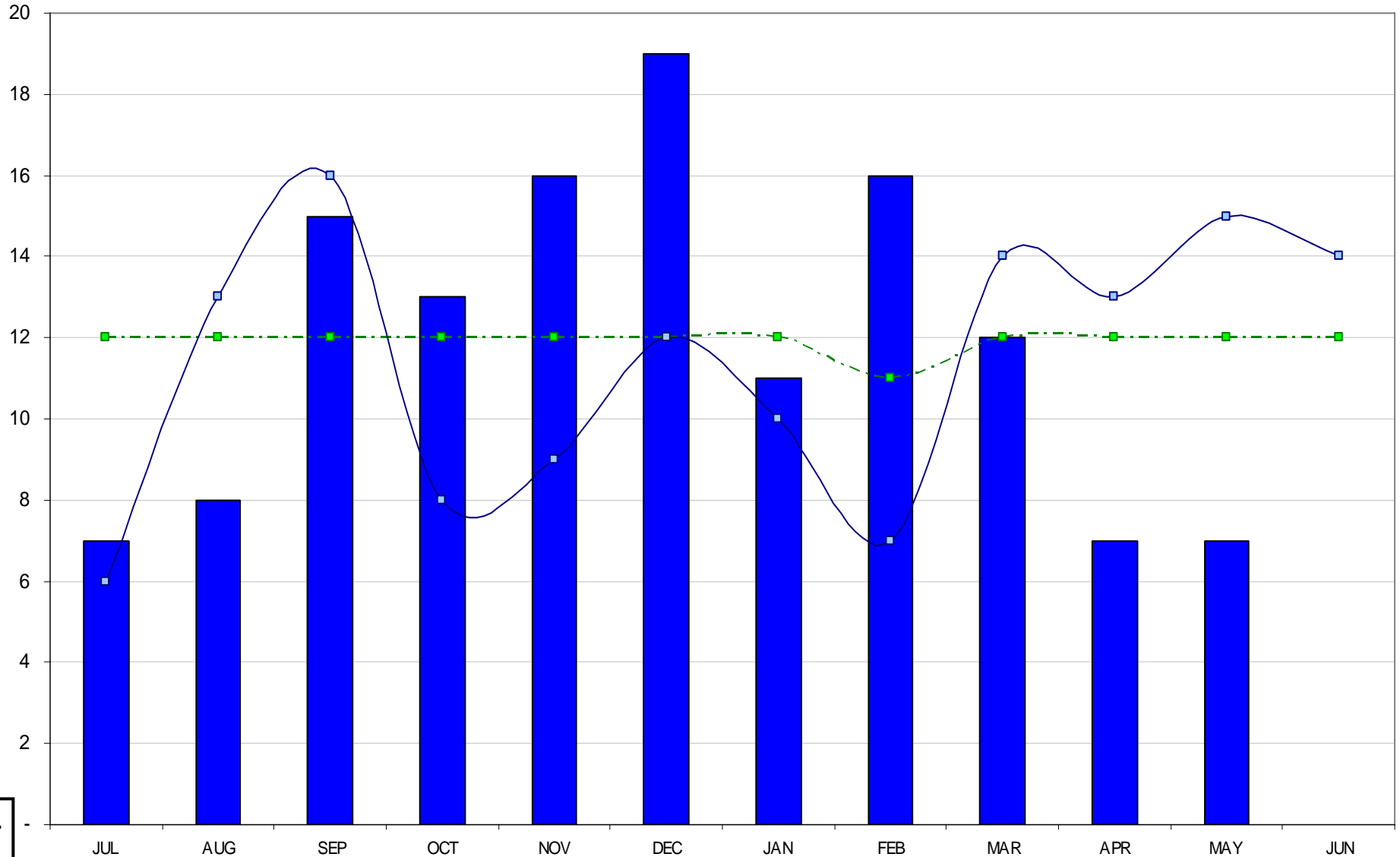
Escondido Surgery Center
May-08
Actual Budget
MTD 374 454
YTD 2,265 2,679
*Started in December 2007

PY
BUD

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	176	190	123	141	155	477	567	519	577	643	552	-	4,120	4,348
POM	356	425	363	350	430	364	411	435	416	425	423	-	4,398	4,576
CON	532	615	486	491	585	841	978	954	993	1,068	975	-	8,518	8,924

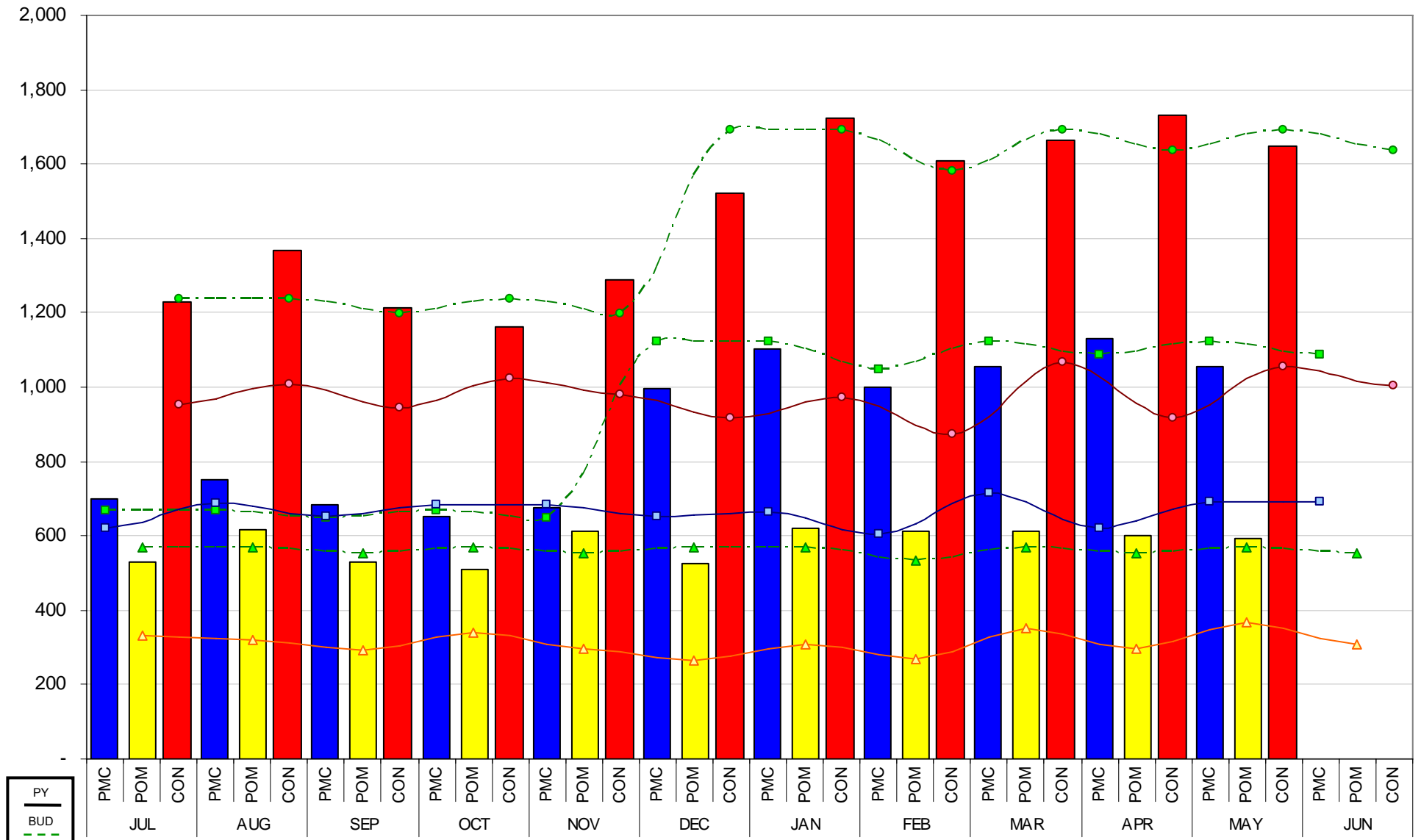
Statistical Indicators

Surgeries – CVS (PMC only)



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	7	8	15	13	16	19	11	16	12	7	7	-	131	131
POM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CON	7	8	15	13	16	19	11	16	12	7	7	-	131	131

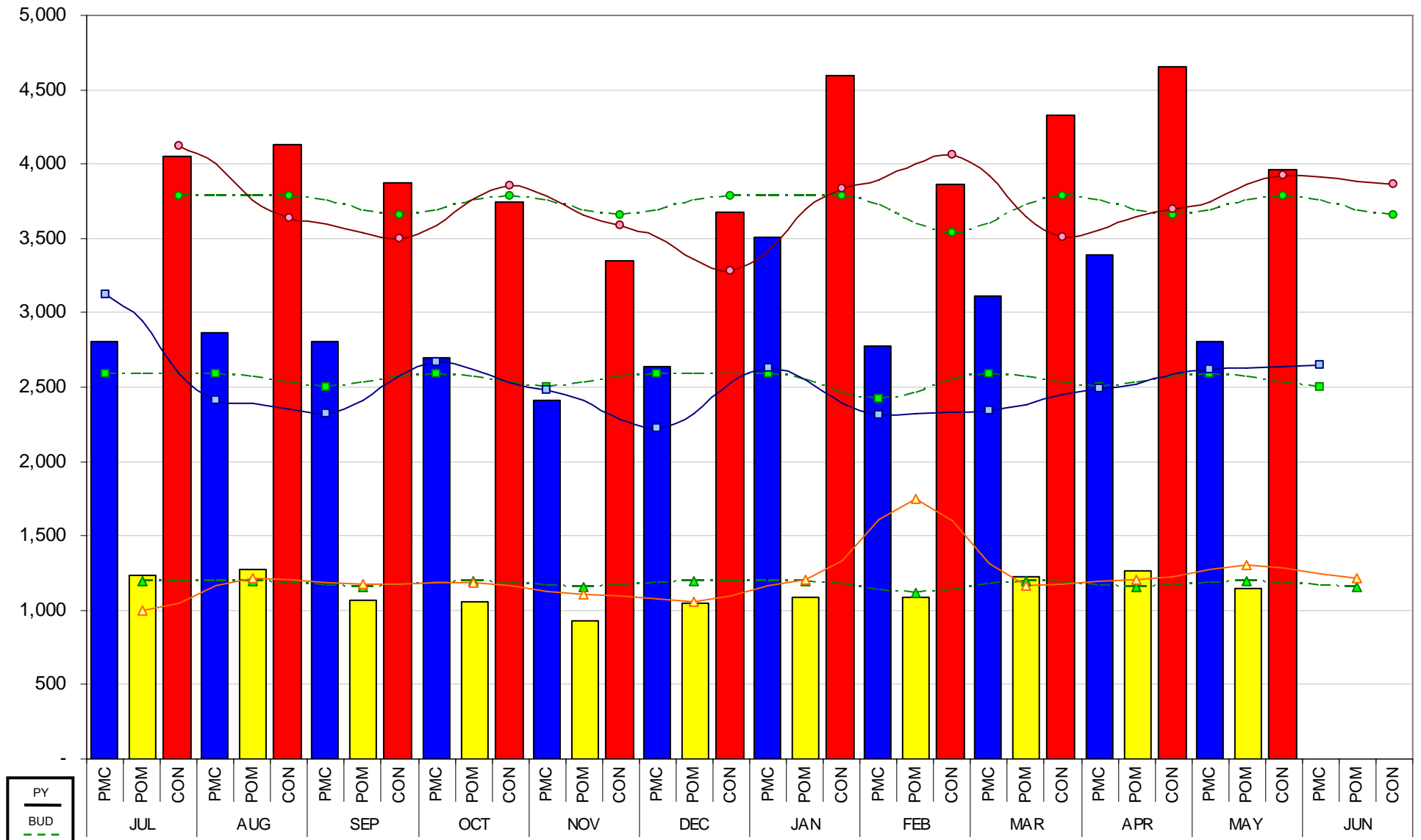
Statistical Indicators
Total Surgeries



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	699	750	685	652	675	998	1,102	999	1,054	1,130	1,056	-	9,800	9,921
POM	530	618	528	510	612	524	621	611	612	600	594	-	6,360	6,179
CON	1,229	1,368	1,213	1,162	1,287	1,522	1,723	1,610	1,666	1,730	1,650	-	16,160	16,100

Statistical Indicators

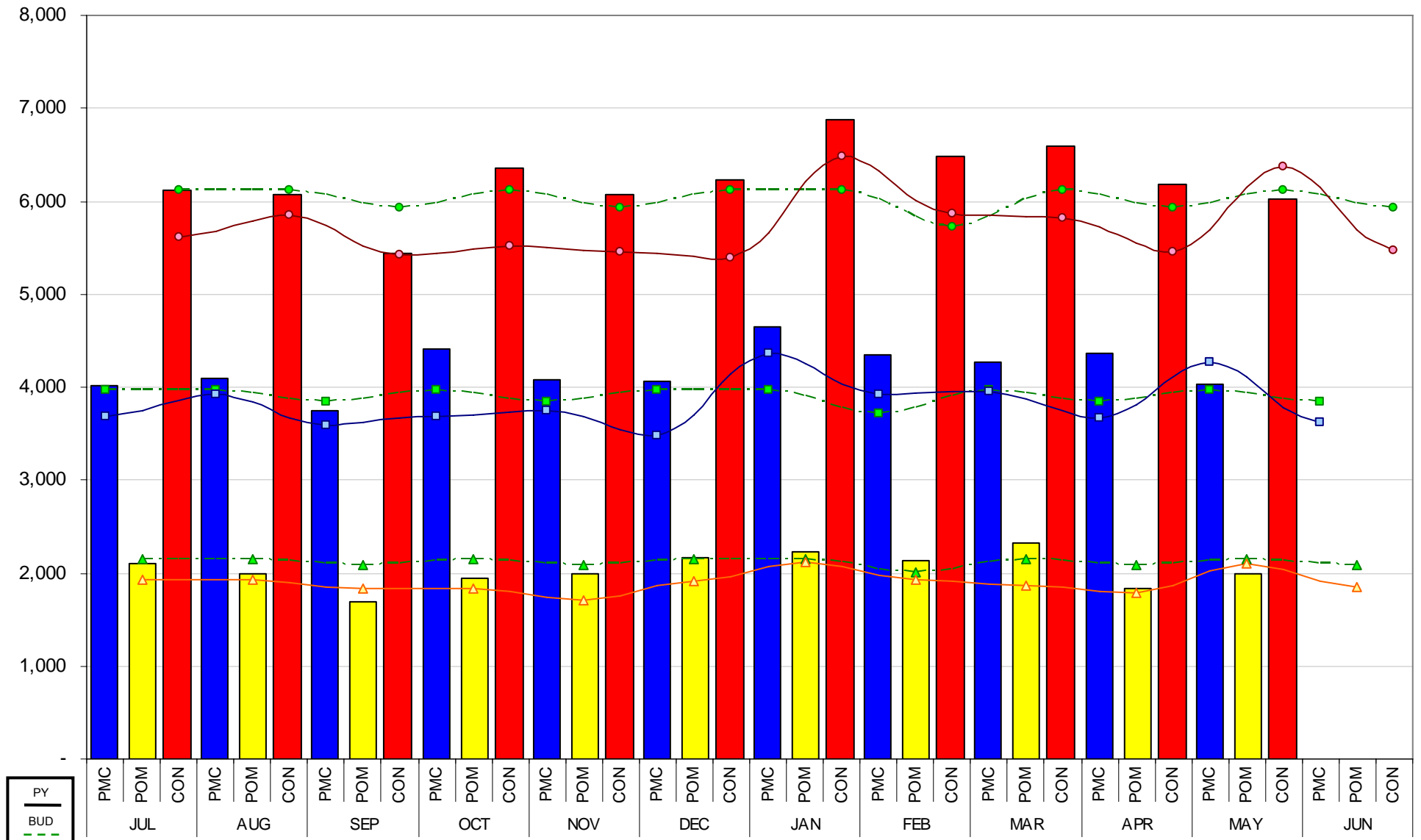
Outpatient Registrations (excludes Lab)



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	2,811	2,861	2,808	2,693	2,414	2,635	3,510	2,774	3,110	3,392	2,811	-	31,819	28,049
POM	1,238	1,274	1,066	1,057	932	1,044	1,085	1,086	1,223	1,261	1,147	-	12,413	12,943
CON	4,049	4,135	3,874	3,750	3,346	3,679	4,595	3,860	4,333	4,653	3,958	-	44,232	40,992

Statistical Indicators

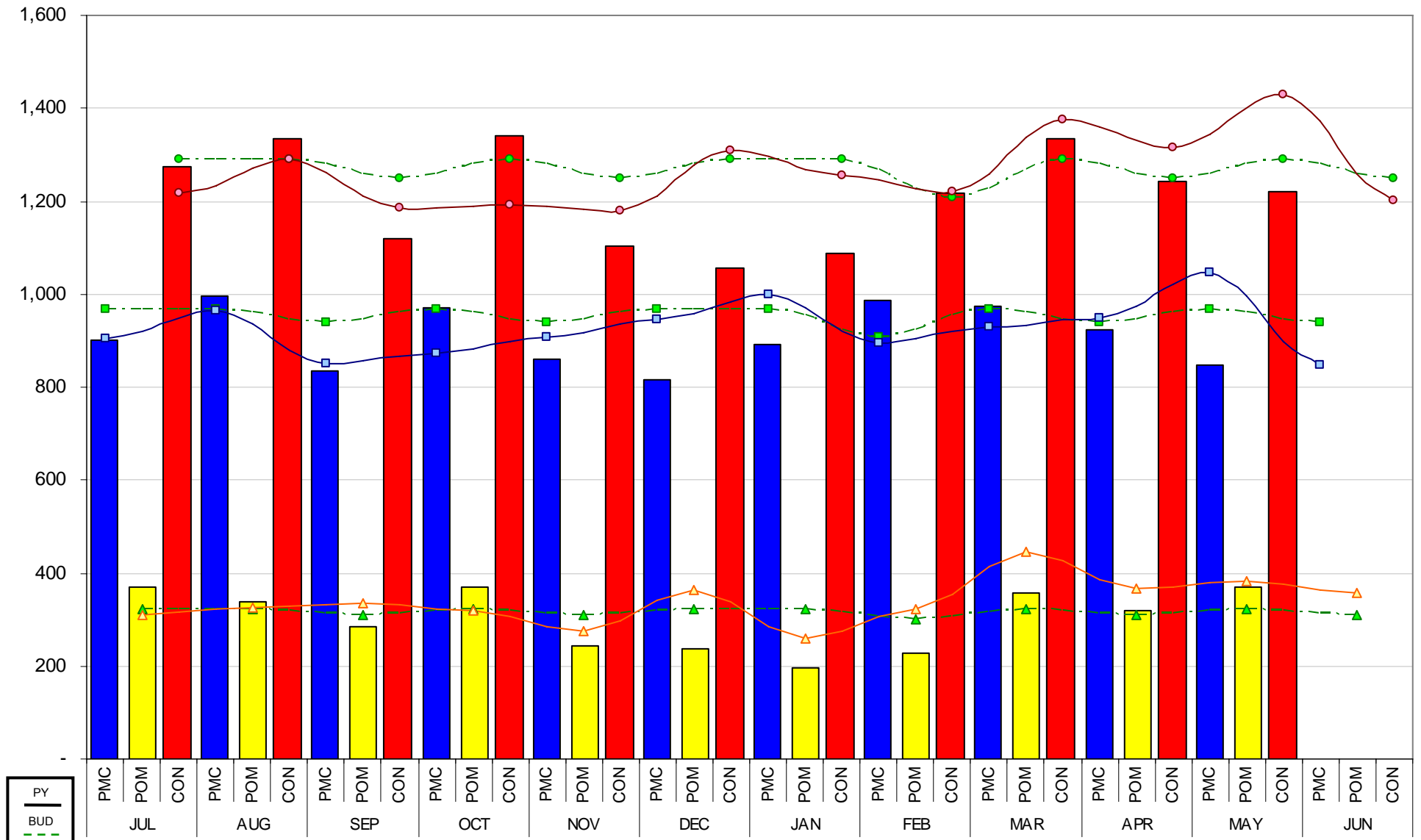
ER Visits (includes Trauma, Outpatient only)



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	4,014	4,087	3,743	4,404	4,080	4,060	4,645	4,345	4,266	4,359	4,024	-	46,027	43,078
POM	2,110	1,990	1,688	1,947	1,988	2,170	2,235	2,134	2,322	1,829	1,992	-	22,405	23,315
CON	6,124	6,077	5,431	6,351	6,068	6,230	6,880	6,479	6,588	6,188	6,016	-	68,432	66,393
CON/DAY	198	196	181	205	202	201	222	223	213	206	194	-	204	198

Statistical Indicators

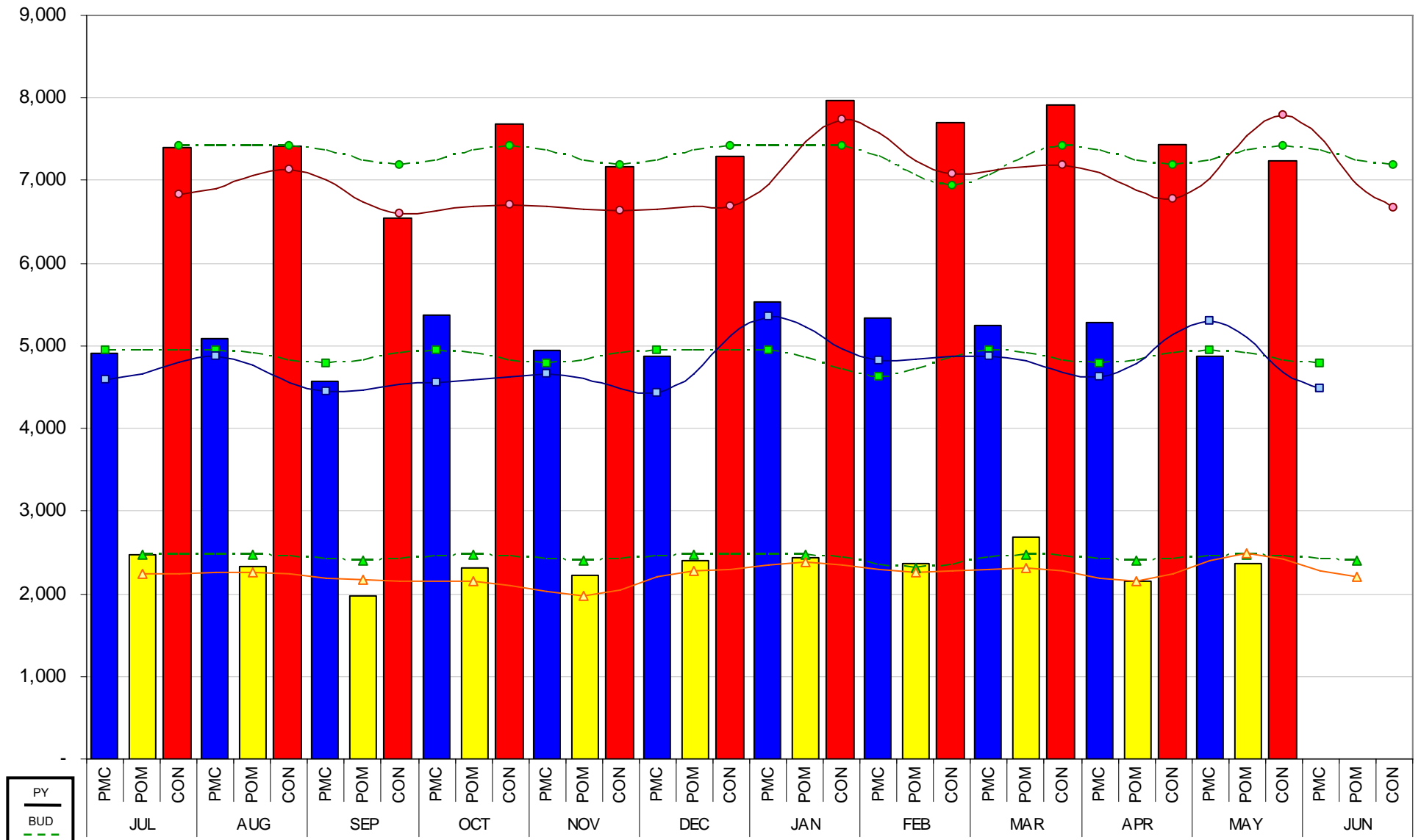
ER Admissions (includes Trauma, Inpatient only)



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	902	997	835	971	861	817	893	988	975	923	849	-	10,011	10,504
POM	371	337	284	370	243	238	195	228	358	319	370	-	3,313	3,480
CON	1,273	1,334	1,119	1,341	1,104	1,055	1,088	1,216	1,333	1,242	1,219	-	13,324	13,984

Statistical Indicators

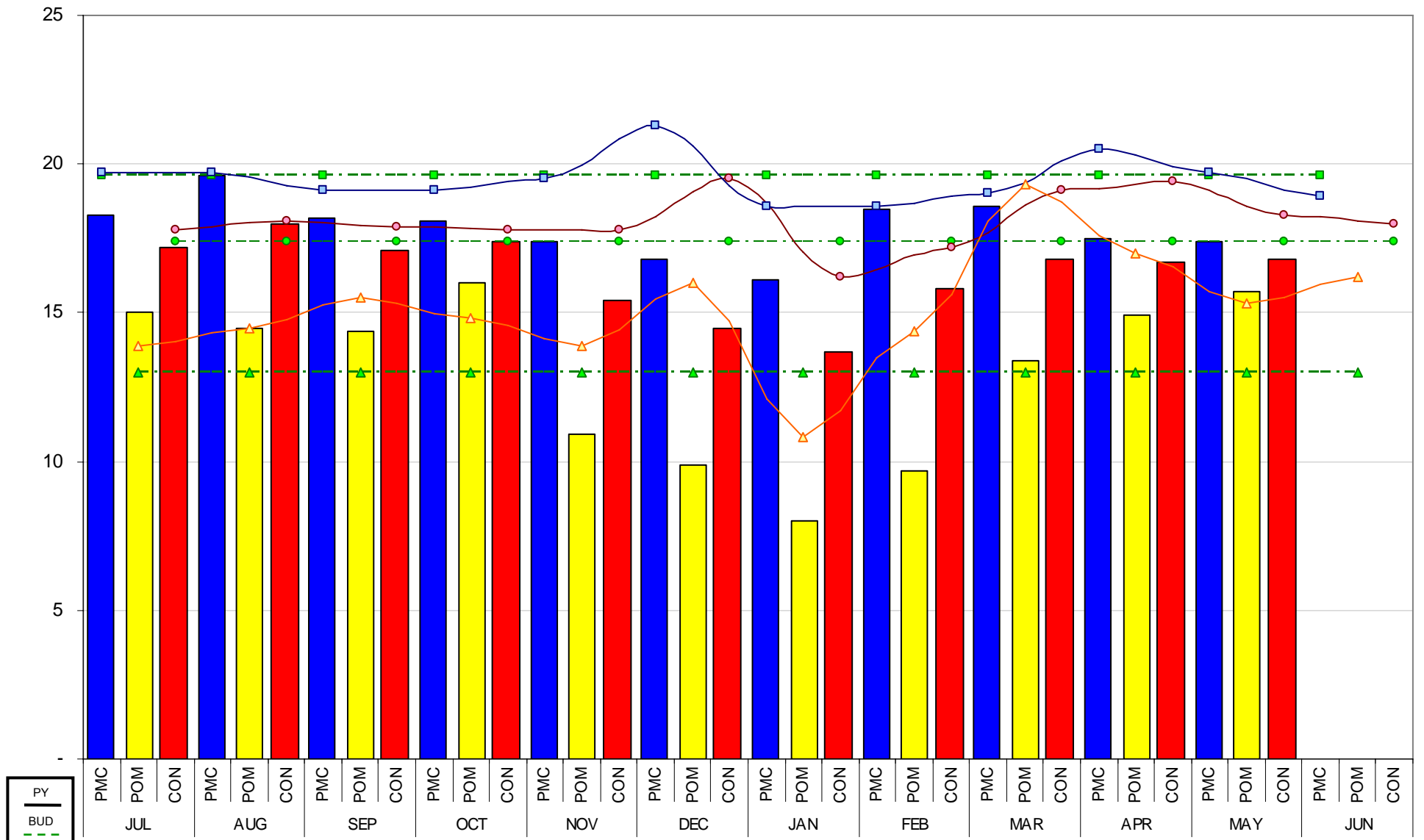
Total ER Visits (includes Trauma & Admissions)



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	4,916	5,084	4,578	5,375	4,941	4,877	5,538	5,333	5,241	5,282	4,873	-	56,038	53,582
POM	2,481	2,327	1,972	2,317	2,231	2,408	2,430	2,362	2,680	2,148	2,362	-	25,718	26,795
CON	7,397	7,411	6,550	7,692	7,172	7,285	7,968	7,695	7,921	7,430	7,235	-	81,756	80,377

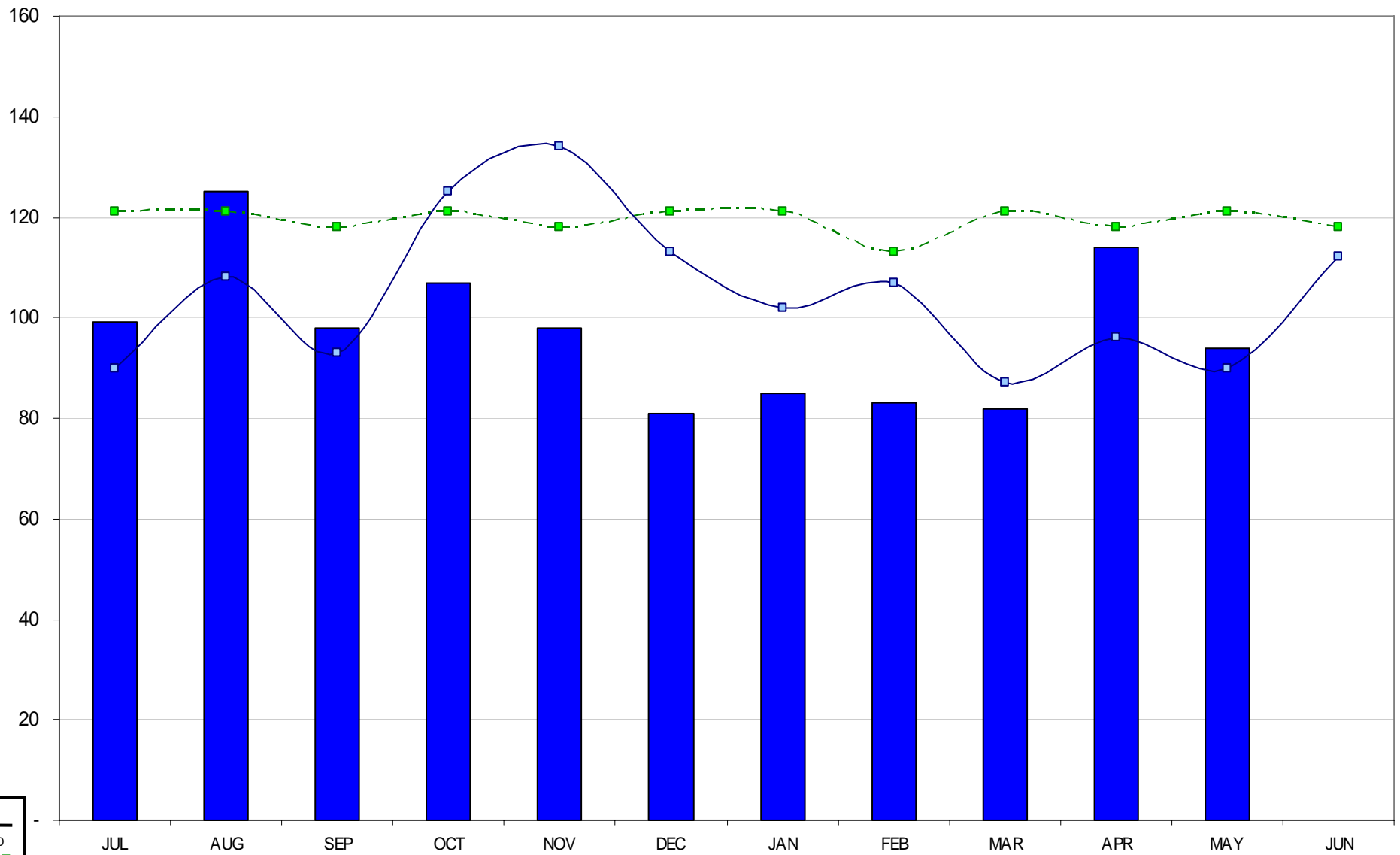
Statistical Indicators

ER Conversion (ER Admits as % of ER Visits)



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	18.3	19.6	18.2	18.1	17.4	16.8	16.1	18.5	18.6	17.5	17.4	-	17.9	19.6
POM	15.0	14.5	14.4	16.0	10.9	9.9	8.0	9.7	13.4	14.9	15.7	-	12.9	13.0
CON	17.2	18.0	17.1	17.4	15.4	14.5	13.7	15.8	16.8	16.7	16.8	-	16.3	17.4

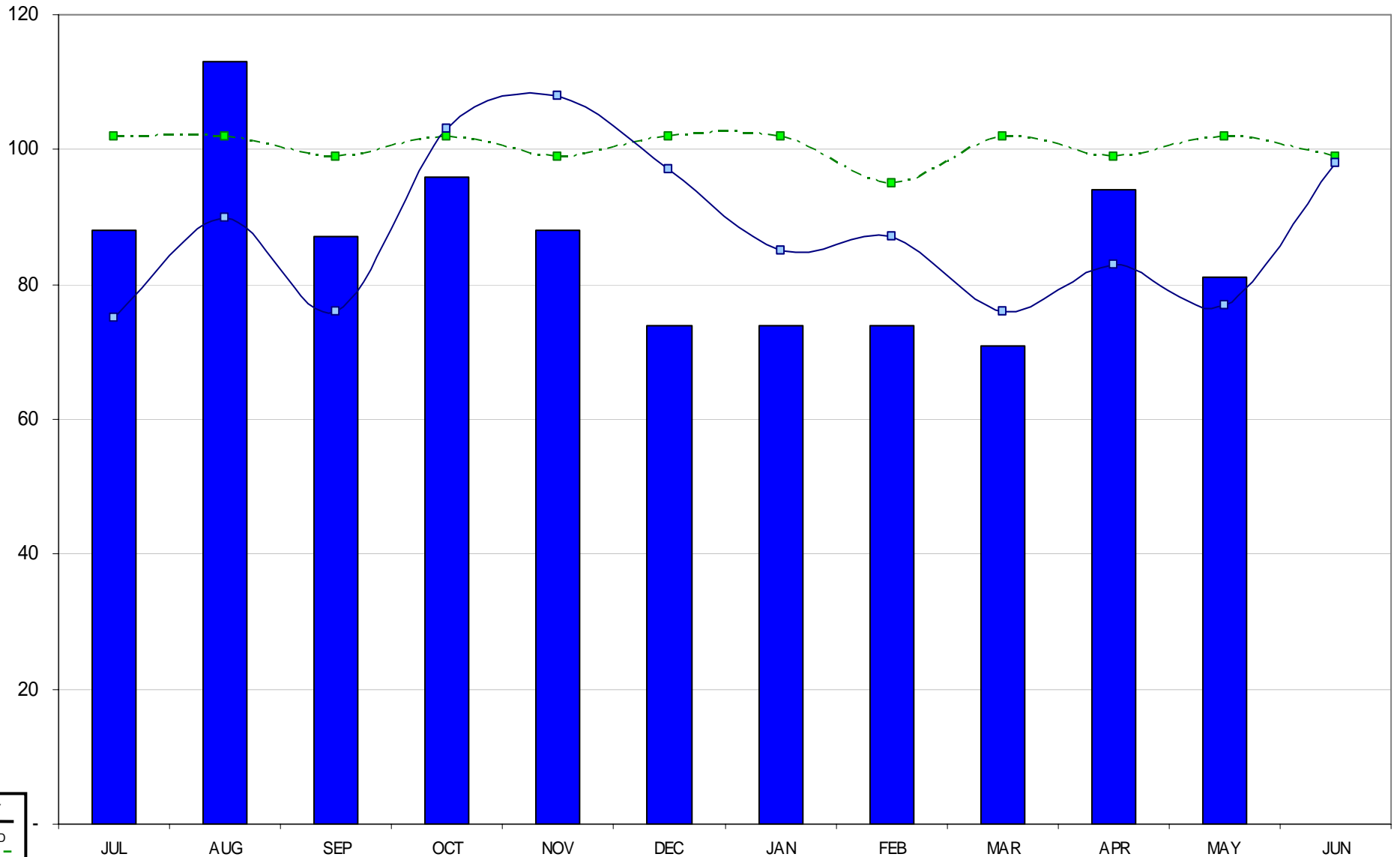
Statistical Indicators
Trauma Cases (PMC only)



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	99	125	98	107	98	81	85	83	82	114	94	-	1,066	1,314
POM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CON	99	125	98	107	98	81	85	83	82	114	94	-	1,066	1,314

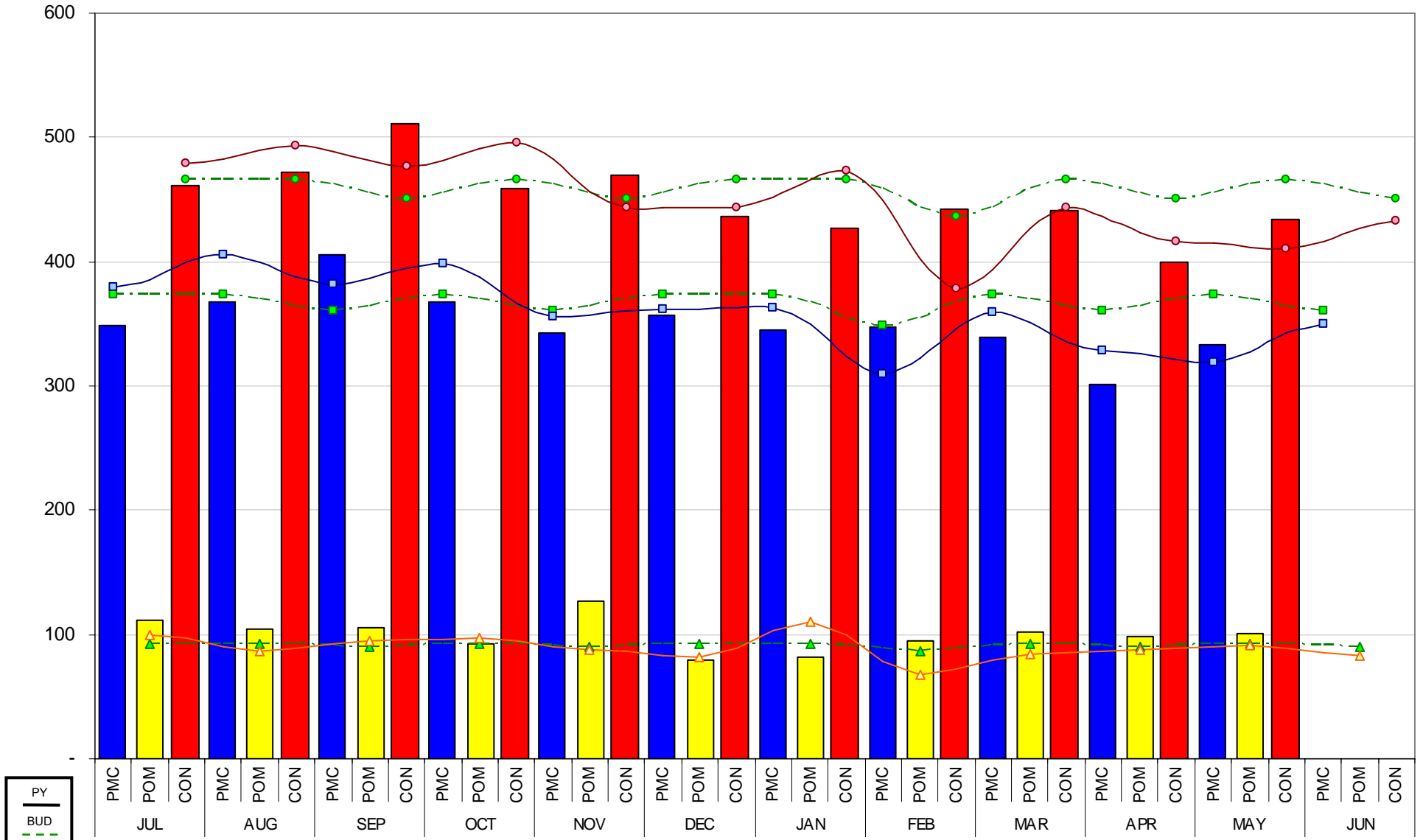
Statistical Indicators

Trauma Admissions (PMC only)



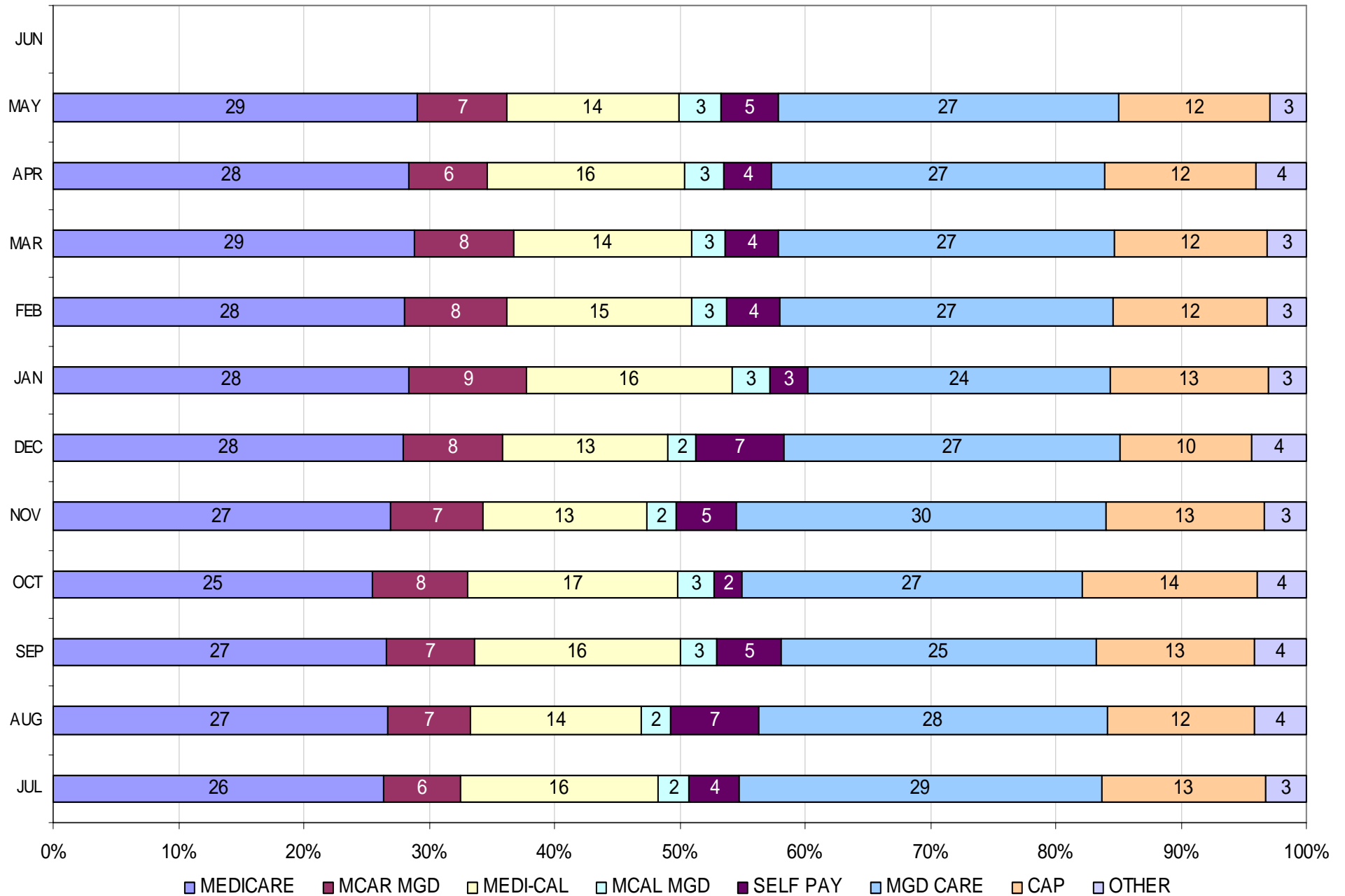
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	88	113	87	96	88	74	74	74	71	94	81	-	940	1,106
POM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CON	88	113	87	96	88	74	74	74	71	94	81	-	940	1,106

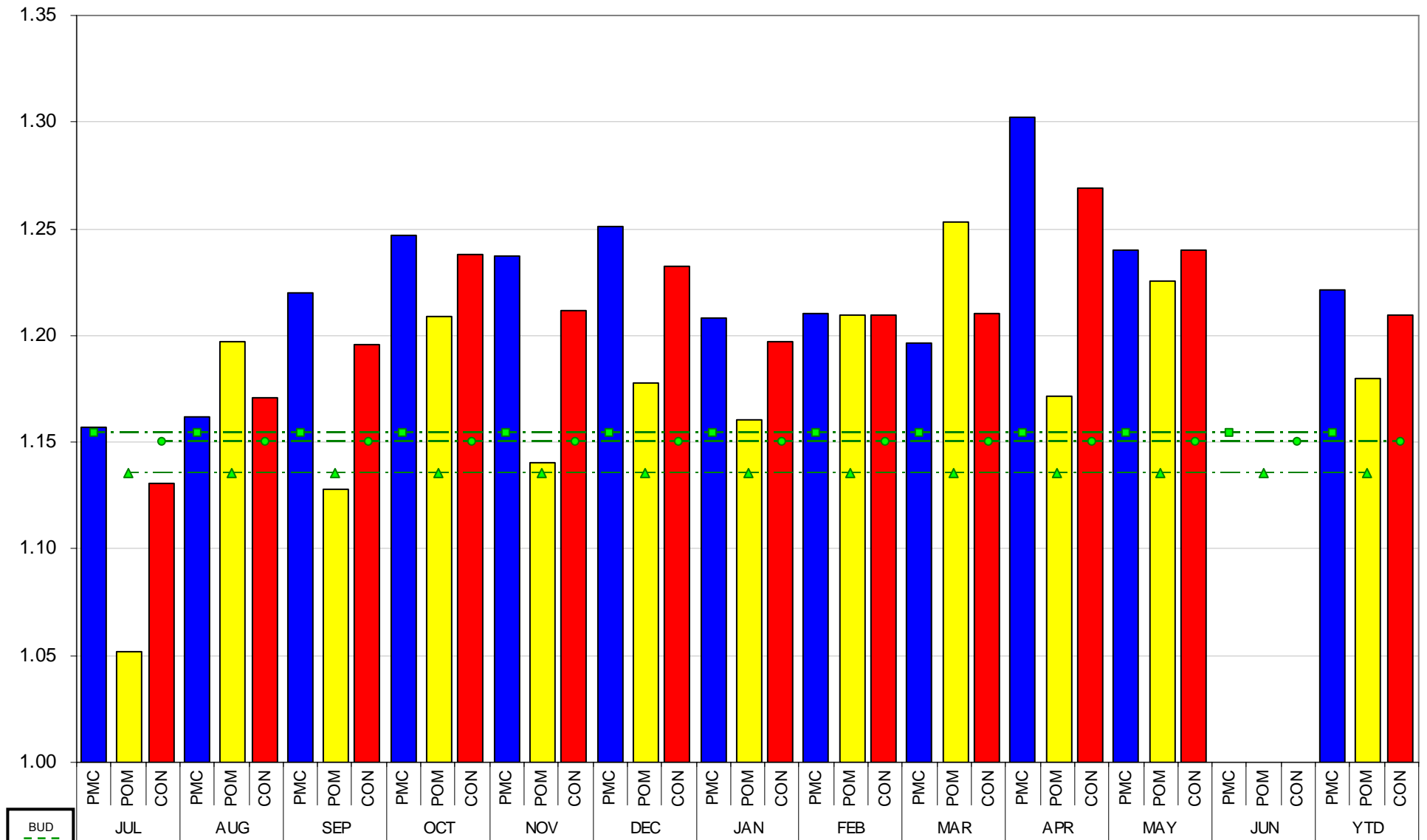
Statistical Indicators
Deliveries



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	349	368	406	367	343	357	345	347	339	301	333	-	3,855	4,043
POM	112	104	105	92	127	79	82	95	102	99	101	-	1,098	1,008
CON	461	472	511	459	470	436	427	442	441	400	434	-	4,953	5,051

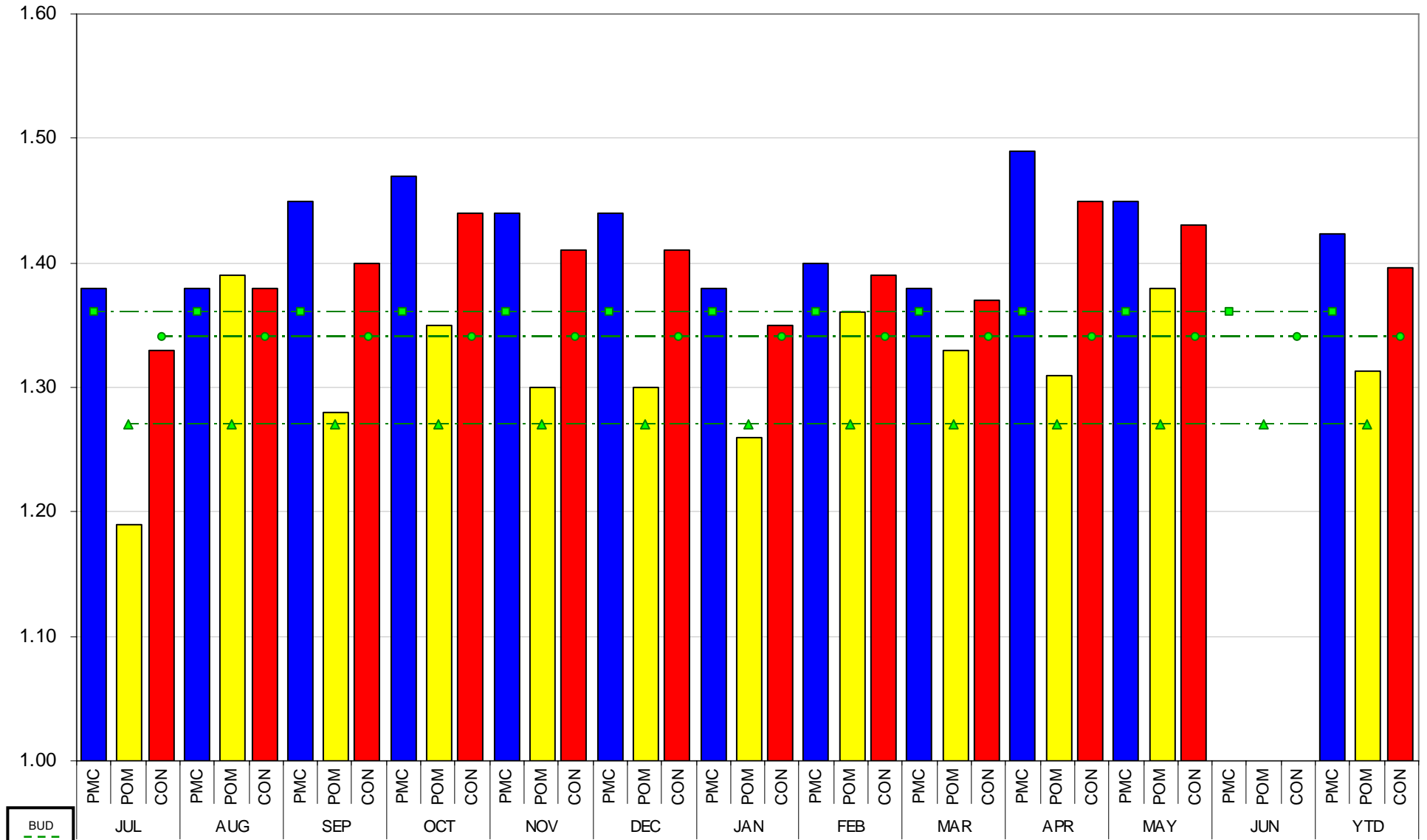
Payor Mix
Based on Gross Revenue





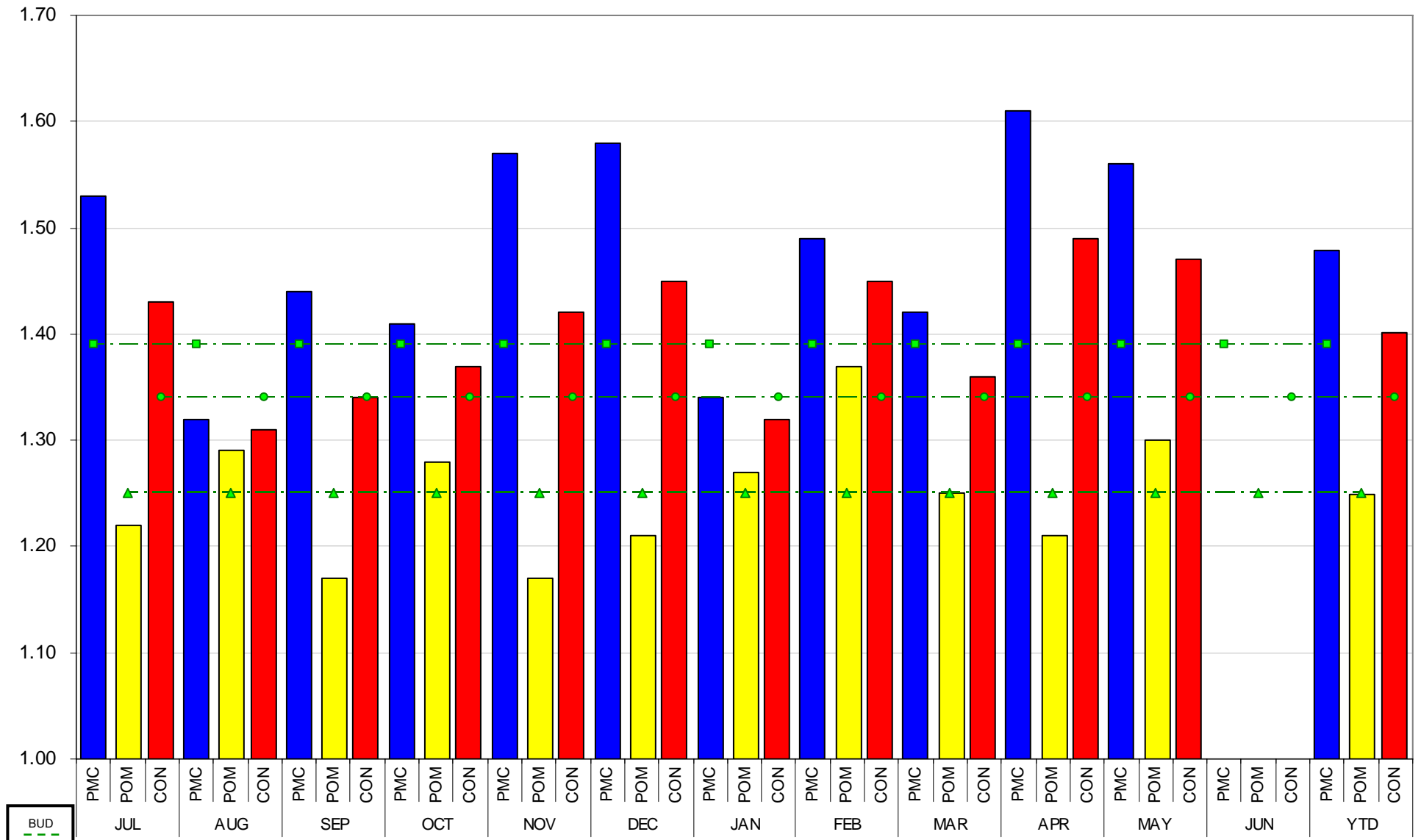
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
PMC	1.16	1.16	1.22	1.25	1.24	1.25	1.21	1.21	1.20	1.30	1.24	-	1.22
POM	1.05	1.20	1.13	1.21	1.14	1.18	1.16	1.21	1.25	1.17	1.23	-	1.18
CON	1.13	1.17	1.20	1.24	1.21	1.23	1.20	1.21	1.21	1.27	1.24	-	1.21

Case Mix Index by Region
(excludes Deliveries)



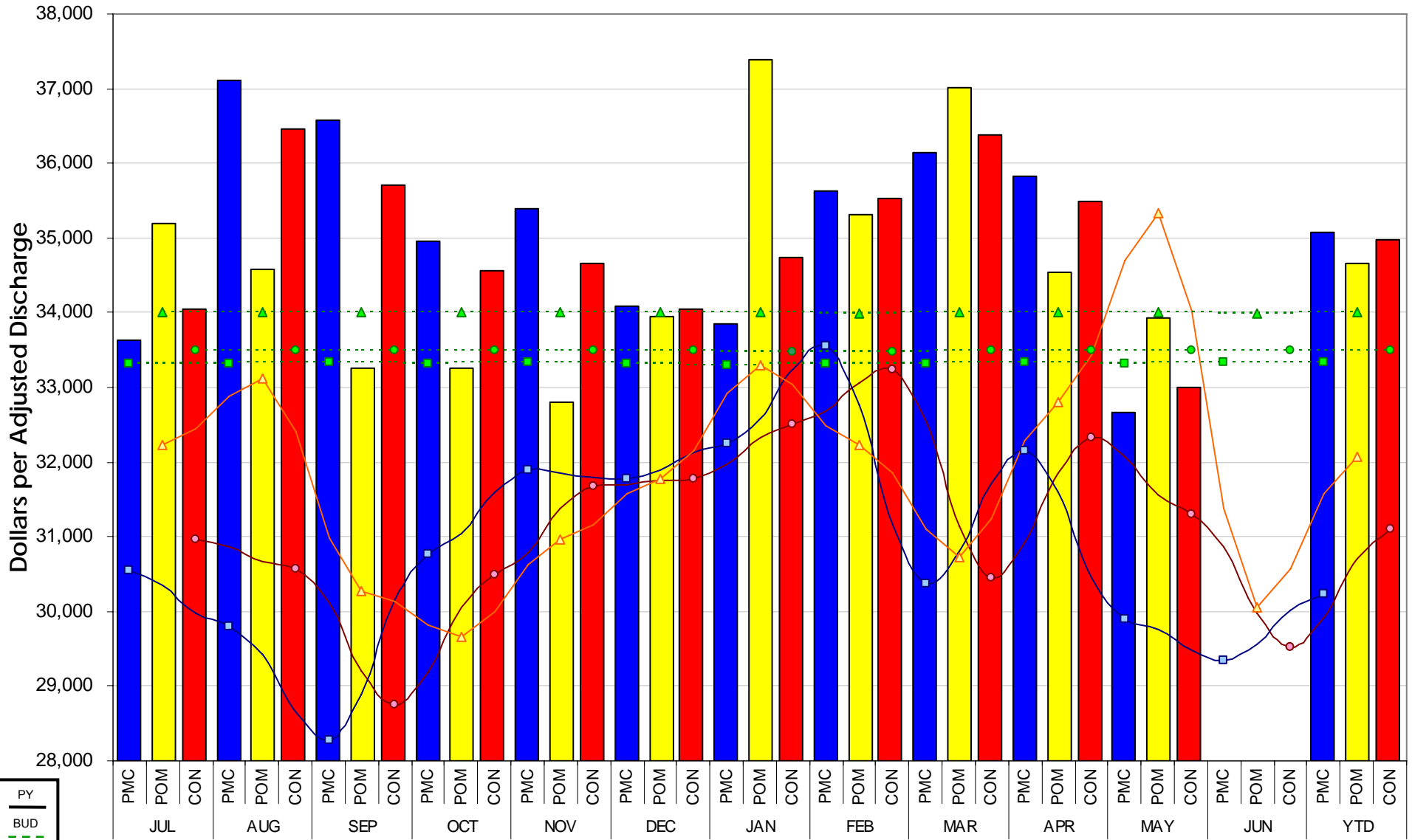
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
PMC	1.38	1.38	1.45	1.47	1.44	1.44	1.38	1.40	1.38	1.49	1.45	-	1.42
POM	1.19	1.39	1.28	1.35	1.30	1.30	1.26	1.36	1.33	1.31	1.38	-	1.31
CON	1.33	1.38	1.40	1.44	1.41	1.41	1.35	1.39	1.37	1.45	1.43	-	1.40

Case Mix Index by Region
Medicare



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
PMC	1.53	1.32	1.44	1.41	1.57	1.58	1.34	1.49	1.42	1.61	1.56	-	1.48
POM	1.22	1.29	1.17	1.28	1.17	1.21	1.27	1.37	1.25	1.21	1.30	-	1.25
CON	1.43	1.31	1.34	1.37	1.42	1.45	1.32	1.45	1.36	1.49	1.47	-	1.40

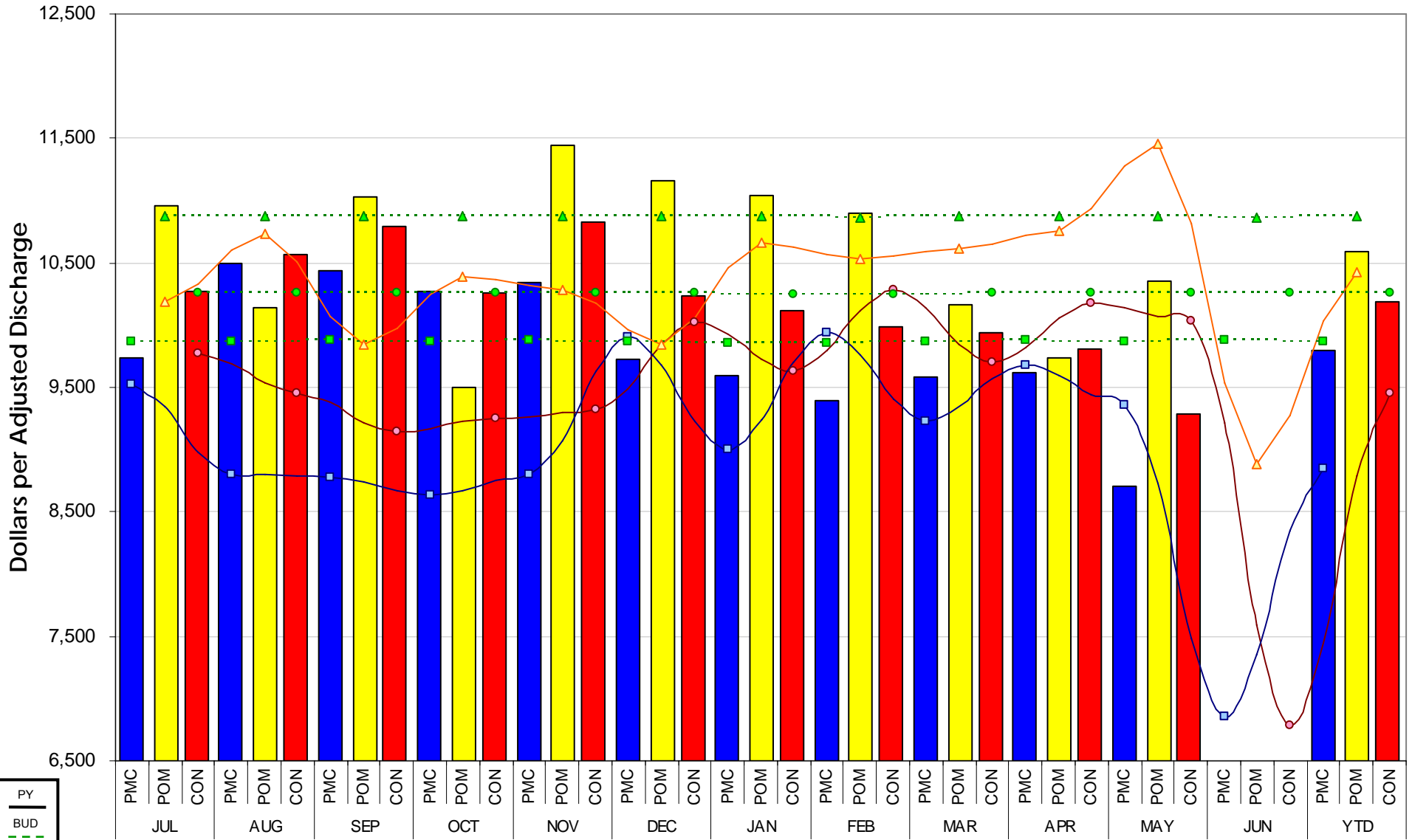
Adjusted Discharges
Gross Patient Revenue per Adjusted Discharges



PY
BUD

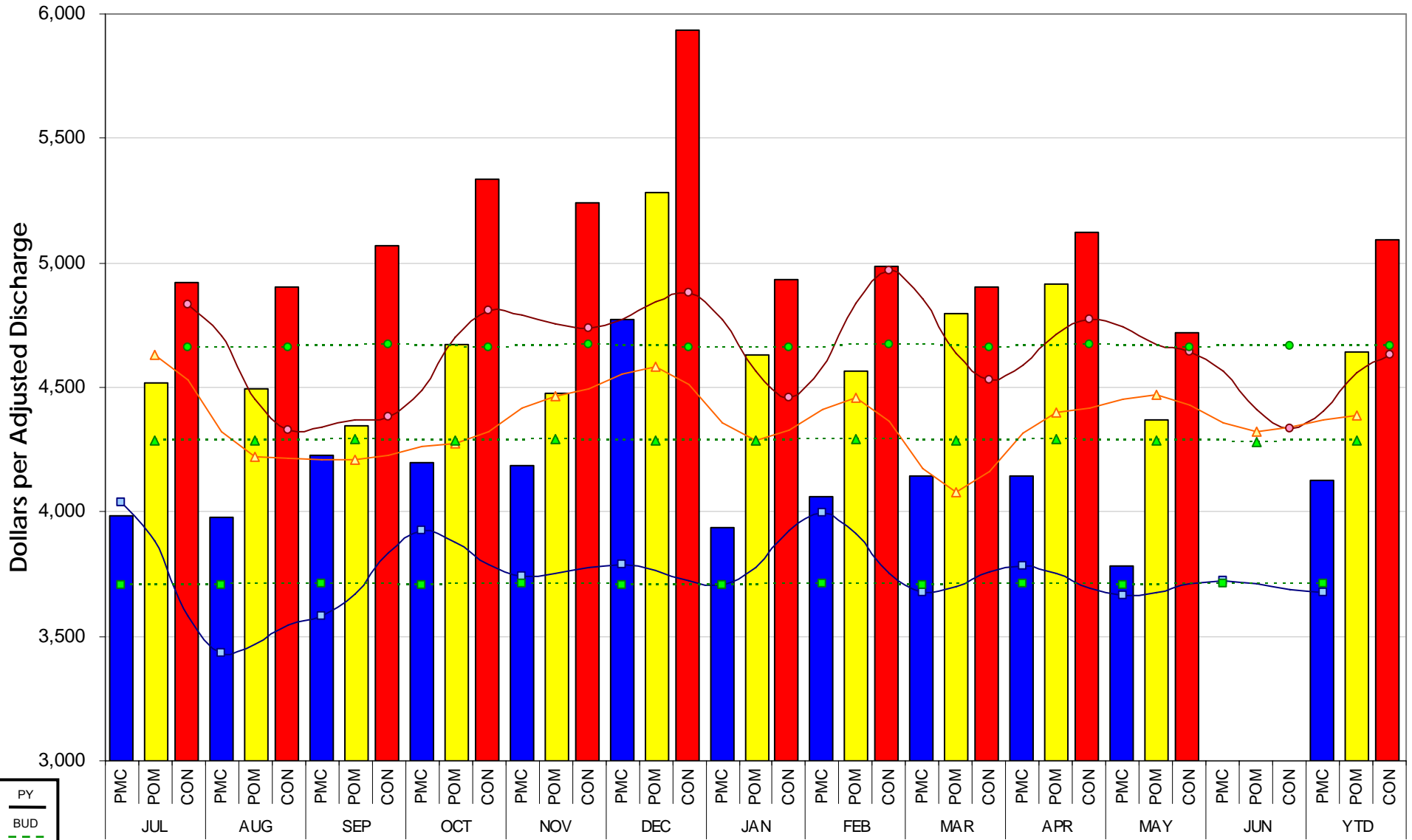
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	33,628	37,115	36,573	34,962	35,383	34,084	33,852	35,620	36,136	35,830	32,669	-	35,073	33,328
POM	35,188	34,573	33,267	33,266	32,806	33,958	37,385	35,308	37,021	34,544	33,921	-	34,669	34,049
CON	34,046	36,462	35,702	34,561	34,669	34,055	34,748	35,539	36,378	35,481	33,008	-	34,968	33,500

Adjusted Discharges
Net Patient Revenue per Adjusted Discharges



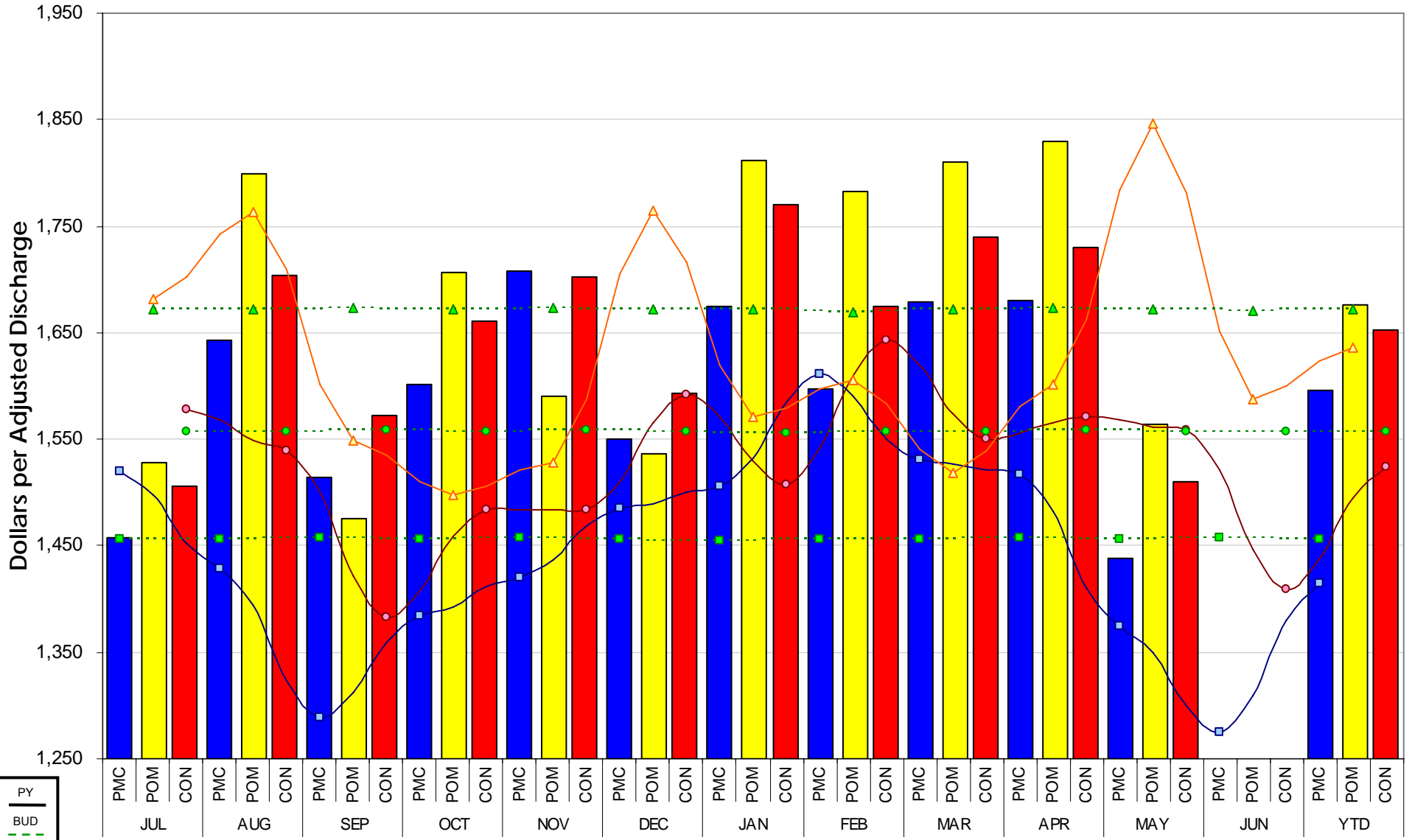
	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YTD		B-YTD	
PMC	9,737	10,493	10,437	10,270	10,344	9,725	9,597	9,390	9,577	9,614	8,707	-	9,799	9,892														
POM	10,963	10,138	11,028	9,505	11,450	11,160	11,046	10,903	10,163	9,736	10,352	-	10,593	10,891														
CON	10,266	10,573	10,793	10,254	10,829	10,241	10,121	9,983	9,942	9,807	9,285	-	10,183	10,258														

Adjusted Discharges
Salaries per Adjusted Discharges



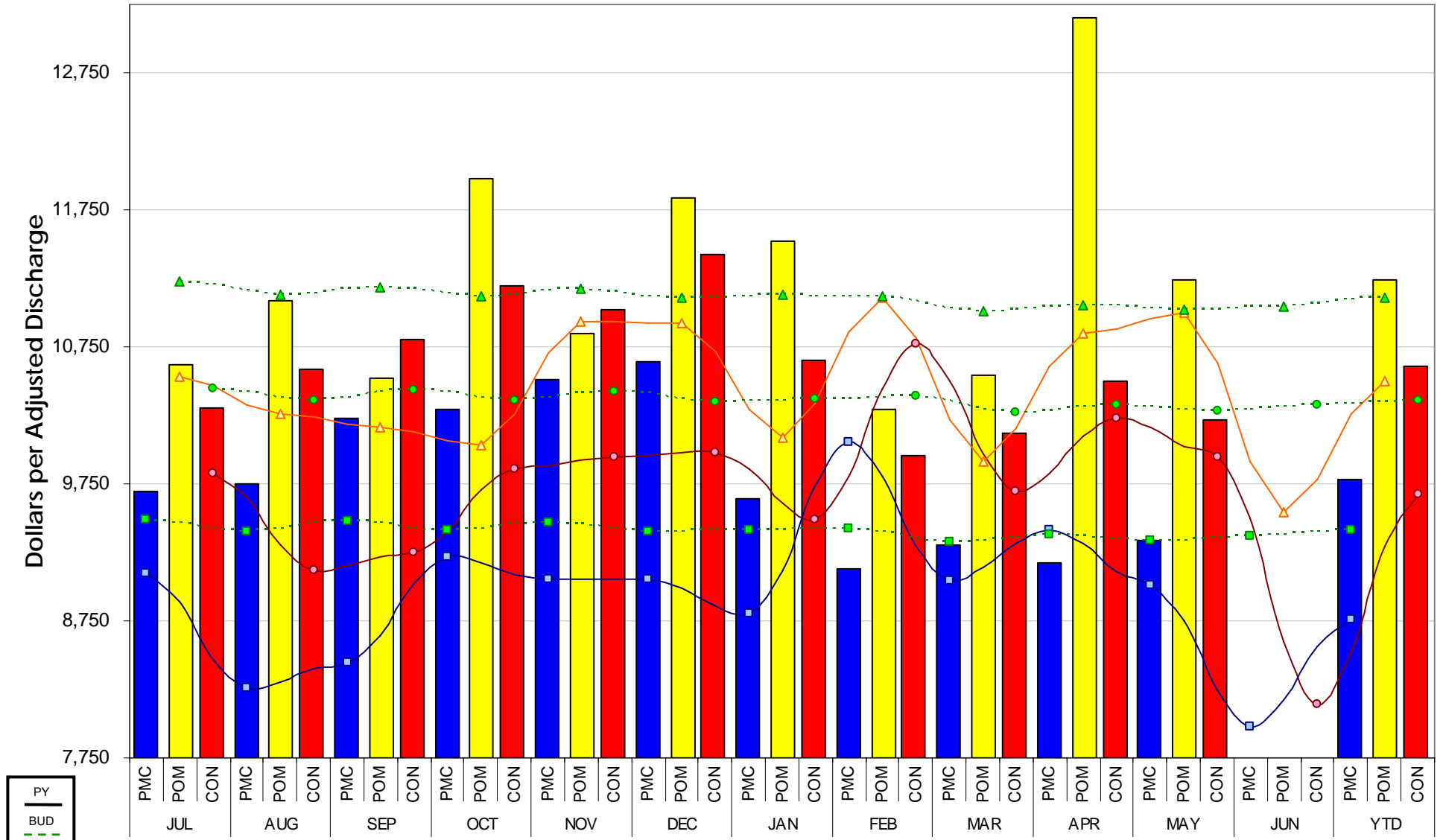
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	3,984	3,977	4,227	4,198	4,183	4,772	3,935	4,063	4,143	4,144	3,784	-	4,128	3,935
POM	4,518	4,494	4,344	4,672	4,477	5,280	4,630	4,567	4,799	4,913	4,371	-	4,641	4,506
CON	4,922	4,905	5,070	5,334	5,238	5,936	4,930	4,987	4,905	5,120	4,722	-	5,094	4,885

Adjusted Discharges
Supplies per Adjusted Discharge



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	1,457	1,643	1,514	1,601	1,708	1,550	1,675	1,597	1,679	1,680	1,439	-	1,596	1,467
POM	1,528	1,800	1,475	1,706	1,590	1,536	1,811	1,783	1,810	1,830	1,564	-	1,676	1,674
CON	1,506	1,704	1,573	1,661	1,702	1,594	1,770	1,675	1,740	1,730	1,511	-	1,652	1,557

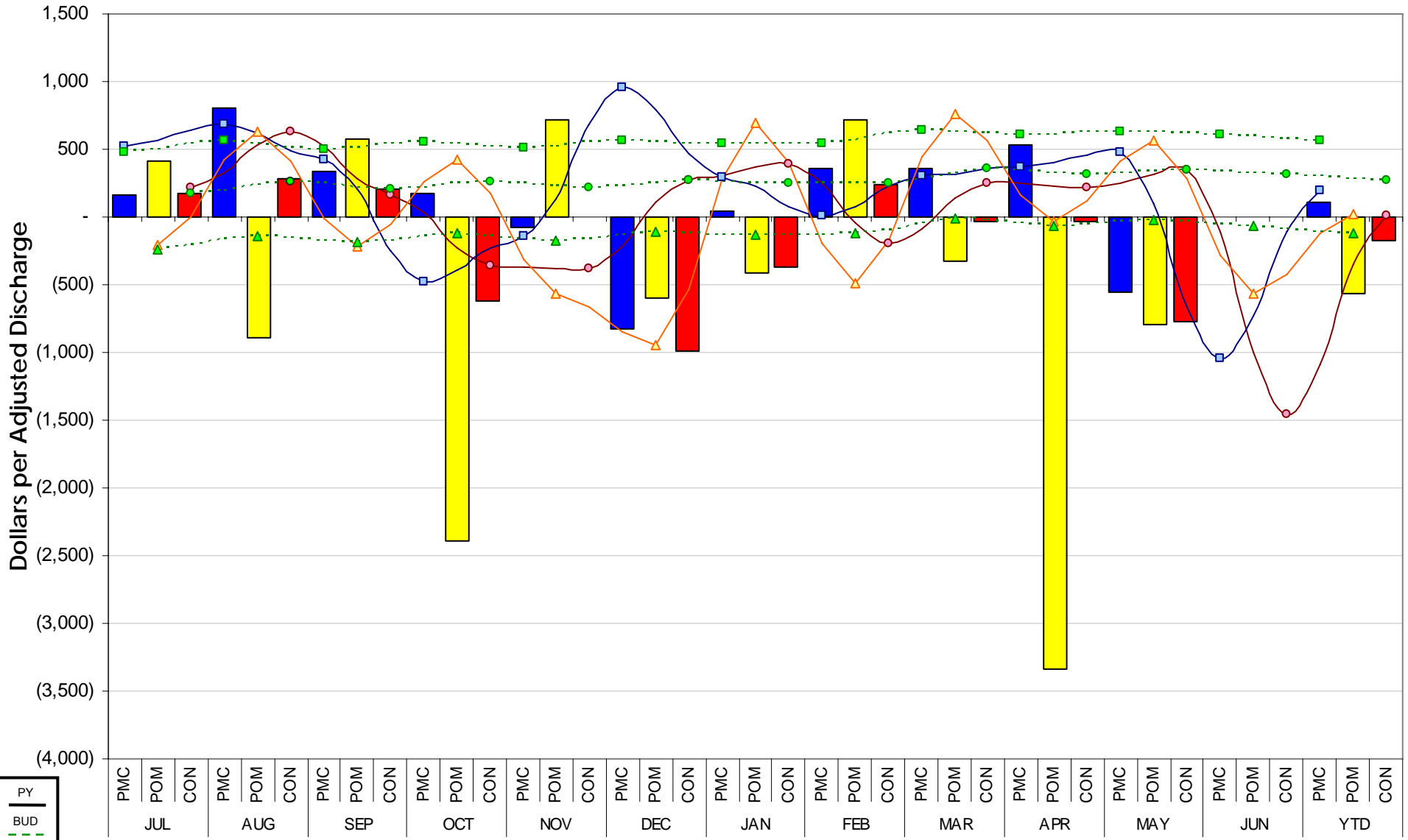
Adjusted Discharges
Total Expenses per Adjusted Discharges



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	9,693	9,752	10,226	10,293	10,511	10,640	9,643	9,128	9,307	9,175	9,338	-	9,787	9,440
POM	10,622	11,090	10,523	11,977	10,846	11,836	11,522	10,291	10,543	13,155	11,245	-	11,238	11,129
CON	10,309	10,589	10,807	11,191	11,019	11,422	10,650	9,954	10,124	10,495	10,221	-	10,612	10,368

Adjusted Discharges

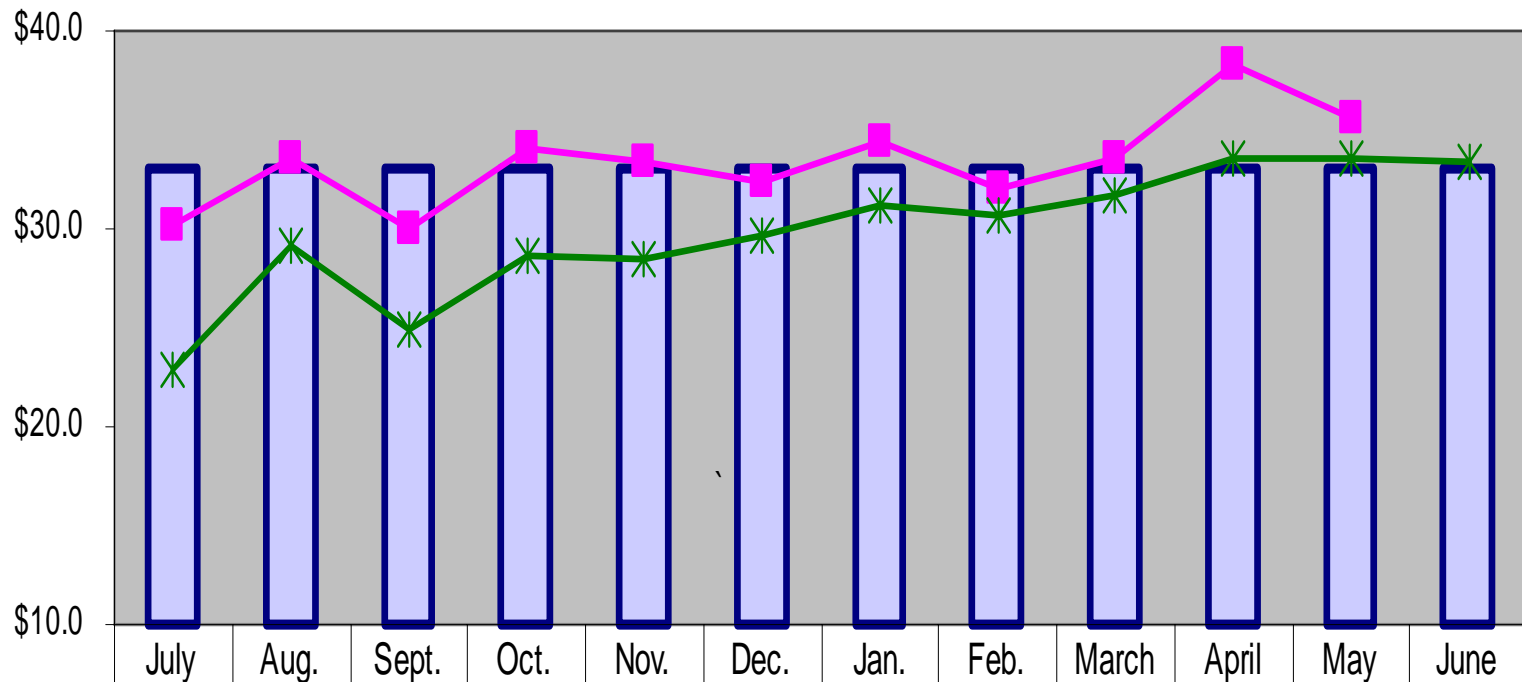
Net Operating Income per Adjusted Discharges



PY
BUD

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	158	799	335	177	(72)	(828)	40	360	357	531	(552)	-	114	553
POM	411	(889)	575	(2,388)	722	(602)	(408)	719	(328)	(3,332)	(791)	-	(563)	(120)
CON	171	278	208	(618)	5	(985)	(366)	242	(30)	(30)	(766)	-	(176)	263

PBS Monthly Collections
 in Millions



FY08 Goal	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1
Pr. Yr Actual	\$22.8	\$29.1	\$24.9	\$28.6	\$28.5	\$29.7	\$31.1	\$30.8	\$31.7	\$33.6	\$33.6	\$33.3
Curr. Yr Actual	\$30.2	\$33.6	\$30.0	\$34.1	\$33.4	\$32.4	\$34.4	\$32.0	\$33.6	\$38.2	\$35.5	

Revenue Cycle Key Indicators
Trend Report



	Current Month End	Most Recent Month End	Previous Month End	Previous Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Prior Year Y-T-D	Change from Prior Month
Period Ending Days in Period	5/31/2008 31	4/30/2008 30	3/31/2008 31	2/29/2008 29	5/31/2008 336	6/30/2007 365	5/31/2007 335	
Revenue								
Gross for Month (Month to Date)	115,108,608	116,883,778	124,330,002	118,302,671	\$ 1,269,470,351	\$ 1,205,732,433	\$ 1,111,732,301	\$ (1,775,170)
Net Revenue	31,720,709	35,298,901	32,541,603	32,936,772	\$ 368,853,067	\$ 371,016,682	\$ 340,104,642	\$ (3,578,192)
Net:Gross %	27.6%	30.2%	26.2%	27.8%	29.1%	30.8%	30.6%	(2.6%)
Last 3 Month Daily Average (Gross)	3,873,069	3,994,627	3,966,440	3,836,472	\$ 3,778,186	\$ 3,303,377	\$ 3,318,604	\$ (121,558)
Last 3 Month Daily Average (Net)	1,082,187	1,119,748	1,095,508	1,107,814	1,097,777	1,016,484	1,015,238	(37,560)
Cash Collections								
Month to Date	35,530,249	38,240,148	33,639,070	32,002,678	\$ 367,535,281	\$ 357,733,249	\$ 324,405,416	\$ (2,709,899)
Month to Date Goal	36,369,671	36,412,658	35,911,050	34,852,941	376,653,384	358,561,284	328,681,177	\$ (42,987)
Over (under) Goal	(839,422)	1,827,490	(2,271,980)	(2,850,263)	\$ (9,118,103)	\$ (828,035)	\$ (4,275,761)	\$ (2,666,912)
% of Goal	98%	105%	94%	92%	97.6%	99.8%	98.7%	(7.3%)
Point of Service Collections								
Month to Date	309,938	328,788	283,564	245,741	\$ 3,100,792	\$ 3,244,728	\$ 2,963,100	\$ (18,850)
Month to Date Goal	328,000	328,000	328,000	328,000	3,515,000	3,265,740	2,993,595	\$ -
Over (under) Goal	\$ (18,062)	788	\$ (44,436)	\$ (82,259)	\$ (414,208)	\$ (21,012)	\$ (30,495)	\$ (18,850)
% of Goal	94.5%	100%	86.5%	74.9%	88.2%	99.4%	99.0%	(5.7%)
Accounts Receivable								
0-30	81,800,143	\$ 90,935,607	\$ 92,648,411	\$ 92,486,299		\$ 73,718,929	\$ 80,173,468	\$ (9,135,464)
31-60	28,351,328	24,710,568	33,589,285	26,489,921		19,857,146	27,600,592	3,640,760
61-90	15,557,363	19,521,705	15,439,708	16,860,915		13,499,609	20,107,146	(3,964,342)
91-180	25,195,518	25,804,767	27,323,121	27,873,599		26,694,468	31,281,515	(609,249)
Over 180	22,218,112	24,732,333	25,332,012	24,750,643		21,653,269	28,006,330	(2,514,221)
Total	\$ 173,122,464	\$ 185,704,980	\$ 194,332,537	\$ 188,461,377		\$ 155,423,421	\$ 187,169,051	\$ (12,582,516)
A/R Days (Gross)	44.70	46.49	48.99	49.12		47.05	56.40	(1.79)
% of AR aged over 180 days	12.8%	13.3%	13.0%	13.1%		14%	15.0%	0.00
Number of Accounts	61,531	61,122	61,917	60,133		61,809	80,087	409
Credit Balance Accounts:								
Dollars	\$ (3,609,401)	\$ (2,365,362)	\$ (1,580,476)	\$ (1,828,298)		\$ (3,955,501)	\$ (7,306,405)	\$ (1,244,040)
Number of Accounts	3,334	2,660	1,847	1,434		1,642	8,864	674

Revenue Cycle Key Indicators
Trend Report



	Current Month End	Most Recent Month End	Previous Month End	Previous Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Prior Year Y-T-D	Change from Prior Month
Period Ending Days in Period	5/31/2008 31	4/30/2008 30	3/31/2008 31	2/29/2008 29	5/31/2008 336	6/30/2007 365	5/31/2007 335	
Accounts Receivable by Major Payer								
Medicare	37,691,243	41,554,606	47,068,606	43,034,471		\$ 31,212,504	\$ 38,223,325	\$ (3,863,363)
Last 3 months daily average revenue	1,116,210	1,137,871	1,130,598	1,083,838		965,874	1,001,018	\$ (21,661)
Gross Days revenue outstanding	33.77	36.52	41.63	39.71		32.32	38.18	(2.75)
MediCal (Includes M-Cal HMO)	26,701,590	27,027,305	28,438,805	27,179,916		23,655,071	23,441,370	(325,715)
Last 3 months daily average revenue	680,717	705,986	708,846	666,936		522,046	586,936	(25,269)
Gross Days revenue outstanding	39.23	38.28	40.12	40.75		45.31	39.94	0.94
Comm/Managed Care (Incl Mcare HMO)	77,027,585	82,989,340	86,482,646	84,715,775		72,445,182	87,392,751	(5,961,755)
Last 3 months daily average revenue	1,912,462	1,987,454	1,978,207	1,903,770		1,679,046	1,694,504	(74,992)
Gross Days revenue outstanding	40.28	41.76	43.72	44.50		43.15	51.57	(1.48)
Self-Pay	31,702,045	34,133,728	32,342,481	33,531,215		28,110,665	38,111,605	(2,431,683)
Last 3 months daily average revenue	163,621	163,317	148,789	181,928		165,713	140,944	304
Gross Days revenue outstanding	193.75	209.00	217.37	184.31		169.63	270.40	(15.25)
Accounts to Collections								
M-T-D Amount net of Recovery	7,797,729	3,966,386	5,051,833	2,196,785	37,126,067	28,183,764	\$ 32,360,607	\$ 3,831,343
% of Gross Revenue (Target < 2%)	6.8%	3.4%	4.1%	1.9%	2.9%	2.3%	2.9%	3.4%
Charity & Undocumented Write-offs								
M-T-D Amount	2,197,775	1,350,831	2,909,266	1,161,882	21,015,937	13,375,244	\$ 22,279,140	\$ 846,944
% of Gross Revenue (Target < 2%)	1.9%	1.2%	2.3%	1.0%	1.7%	1.1%	2.0%	0.8%
Denial & Other Admin Adjustments								
M-T-D Amount	344,731	816,490	397,845	566,363	5,784,715	3,471,349	\$ 4,174,179	\$ (471,759)
% of Gross Revenue (Target < 1%)	0.3%	0.7%	0.3%	0.5%	0.5%	0.3%	0.4%	(0.4%)

Revenue Cycle Key Indicators
Trend Report



	Current Month End	Most Recent Month End	Previous Month End	Previous Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Prior Year Y-T-D	Change from Prior Month
Period Ending	5/31/2008	4/30/2008	3/31/2008	2/29/2008	5/31/2008	6/30/2007	5/31/2007	
Days in Period	31	30	31	29	336	365	335	
Discharged Not Final Billed (DNFB)								
DNFB Action Required								
HIM (Waiting for Coding)	\$ 6,952,319	\$ 6,054,125	\$ 10,918,183	\$ 8,425,053		6,249,765	\$ 4,584,967	\$ 898,194
PBS (Correction required)	443,742	33,569	800,337	266,157		18,284	356,709	\$ 410,173
Other holds requiring correction	-	-	-	-		-	120,286	\$ -
Total Action Required	7,396,061	6,087,694	11,718,520	8,691,210		6,268,049	5,061,962	1,308,367
# of AR Days action Required	1.91	1.52	2.95	2.27		1.83	1.53	0.39
DNFB No Action Required								
4 Day Standard Delay	\$ 18,021,655	\$ 23,073,072	\$ 14,670,398	\$ 26,103,121		22,948,148	\$ 21,443,733	\$ (5,051,417)
Other	2,741,177	3,715,260	2,094,079	5,247,606		664,451	1,552,580	(974,083)
Total No Action Required	20,762,832	26,788,332	16,764,477	31,350,727		23,612,599	28,763,026	(6,025,500)
Total DNFB	\$ 28,158,893	\$ 32,876,026	\$ 28,482,997	\$ 40,041,937		29,880,648	\$ 33,824,988	(4,717,133)
Total Days in DNFB	7.27	8.23	7.18	10.44		8.73	10.19	(0.96)
Late Charges								
Late Charges from Date of Service 5 to 20 Days								
Number of line items	4,470	6,045	5,838	6,420	111,141			(1,575)
Dollar amount of Charges	794,893	879,861	879,629	810,743	9,243,316			\$ (84,968)
Dollar amount of Credits	(614,324)	(628,395)	(829,375)	(560,683)	(5,573,298)			\$ 14,071
Net Dollar Amount	180,569	251,466	50,253	250,060	3,670,018			\$ (70,897)
Absolute Dollar Amount	\$ 794,893	\$ 879,861	\$ 879,629	\$ 810,743	\$ 10,831,415			\$ (84,968)
Late Charges from Date of Service > 21 Days								
Number of line items	219,019	64,946	10,715	25,434	655,971			154,073
Dollar amount of Charges	1,734,403	775,757	1,829,359	1,018,049	9,997,077			958,646
Dollar amount of Credits	(1,266,597)	(1,235,648)	(2,133,056)	(1,111,898)	(13,353,397)			(30,949)
Net Dollar Amount	467,806	(459,891)	(303,697)	(93,849)	(3,356,320)			927,697
Absolute Dollar Amount	\$ 3,001,000	\$ 2,011,405	\$ 3,962,415	\$ 2,129,948	\$ 23,350,474			\$ 989,595

SUPPLEMENTAL INFORMATION

June 2008	May30-Jun5	Jun6-12	Jun 13-19	MTD Total	MTD Budget	% Variance
ADC (Acute)	262	282	285	276	312	(11.36)
PMC	184	211	216	204	235	(13.51)
POM	78	71	69	73	76	(4.72)
PCCC	86	85	85	85	88	(2.95)
VP	120	123	120	121	123	(1.22)
Patient Days (Acute)	1,833	1,972	1,998	5,803	6,546	(11.36)
PMC	1,285	1,477	1,513	4,275	4,943	(13.51)
POM	548	495	485	1,528	1,604	(4.72)
PCCC	600	596	592	1,788	1,842	(2.95)
VP	843	863	838	2,544	2,575	(1.22)
Discharges	532	536	550	1,618	1,713	(5.54)
PMC	380	382	424	1,186	1,322	(10.26)
POM	152	154	126	432	391	10.40
Number of Surgeries	240	237	233	710	667	6.43
PMC	162	159	160	481	453	6.20
POM	78	78	73	229	214	6.91
Number of Births	96	91	100	287	316	(9.09)
PMC	73	62	76	211	253	(16.50)
POM	23	29	24	76	63	20.63

June 2008	May30-Jun5	Jun6-12	Jun 13-19	MTD Total	MTD Budget	% Variance
Outpatient Visits (inc. Lab)	2,604	1,970	1,885	6,459	5,822	10.94
PMC	1,748	1,251	1,237	4,236	3,844	10.21
POM	856	719	648	2,223	1,978	12.37
ER Visits	1,704	1,782	1,810	5,296	5,025	5.40
PMC	1,182	1,198	1,229	3,609	3,350	7.75
POM	522	584	581	1,687	1,675	0.71
Trauma Visits	15	17	24	56	83	(32.20)
IP	14	17	21	52	69	(24.96)
OP	1	-	3	4	13	(69.92)
Gross IP Revenue	18,220,411	19,943,415	19,731,620	57,895,446	59,519,228	(2.73)
Gross OP Revenue	6,164,045	6,561,259	7,101,378	19,826,682	18,135,287	9.33
Cash Collection	5,610,797	6,866,908	7,991,725	20,469,430	23,610,569	(13.30)
Days cash on hand	96	99	98	98	80	
Prod Hrs (PP 25)		201,776		201,776	200,025	(0.88)
PMC - North		116,296		116,296	112,092	(3.75)
POM - South		53,940		53,940	55,617	3.02
Others	-	31,540	-	31,540	32,316	2.40
Prod \$ (PP 25)		6,295,531		6,295,531	6,191,015	(1.69)
PMC - North		3,638,655		3,638,655	3,502,437	(3.89)
POM - South		1,626,790		1,626,790	1,625,099	(0.10)
Others	-	1,030,086	-	1,030,086	1,063,479	3.14

**Income Statement: Fiscal Year-to-Date
Consolidated – Weighted Patient Days**

				Variance		\$/Wtg Pt Days		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	26,572	27,380	(808)					
Admissions - SNF	998	1,053	(55)					
Patient Days - Acute	104,675	104,759	(84)					
Patient Days - SNF	69,649	70,952	(1,303)					
ALOS - Acute	3.91	3.83	0.08					
ALOS - SNF	70.49	68.09	2.40					
Weighted Patient Days	147,106	143,691	3,415					
Revenue:								
Gross Revenue	\$ 1,295,011,313	\$ 1,242,330,247	\$ 52,681,066 F	\$ 29,525,564	\$ 23,155,502	\$ 8,803.25	\$ 8,645.85	\$ 157.41
Deductions from Rev	(917,892,599)	(861,925,405)	(55,967,194) U	(20,484,757)	(35,482,437)	(6,239.67)	(5,998.46)	(241.20)
Net Patient Revenue	377,118,714	380,404,842	(3,286,128) U	9,040,807	(12,326,935)	2,563.58	2,647.38	(83.80)
Other Oper Revenue	9,377,441	13,839,472	(4,462,031) U	328,913	(4,790,944)	63.75	96.31	(32.57)
Total Net Revenue	386,496,155	394,244,314	(7,748,159) U	9,369,719	(17,117,878)	2,627.33	2,743.70	(116.36)
Expenses:								
Salaries, Wages & Contr Labor	188,669,457	181,168,614	(7,500,843) U	(4,305,703)	(3,195,140)	1,282.54	1,260.82	(21.72)
Benefits	42,634,706	45,677,391	3,042,685 F	(1,085,581)	4,128,266	289.82	317.89	28.06
Supplies	61,175,795	57,754,095	(3,421,700) U	(1,372,600)	(2,049,100)	415.86	401.93	(13.93)
Prof Fees & Purch Svc	57,622,721	56,123,407	(1,499,314) U	(1,333,844)	(165,470)	391.71	390.58	(1.12)
Depreciation	19,800,146	19,561,217	(238,929) U	(464,897)	225,968	134.60	136.13	1.54
Other	23,102,380	24,212,295	1,109,915 F	(575,436)	1,685,351	157.05	168.50	11.46
Total Expenses	393,005,205	384,497,019	(8,508,186) U	(9,138,062)	629,876	2,671.58	2,675.86	4.28
Net Inc Before Non-Oper Income	(6,509,050)	9,747,295	(16,256,345) U	231,657	(16,488,002)	(44.25)	67.84	(112.08)
Property Tax Revenue	12,375,000	12,375,000	- -	294,108	(294,108)	84.12	86.12	(2.00)
Non-Operating Income	2,521,544	729,503	1,792,041 F	17,338	1,774,703	17.14	5.08	12.06
Net Income (Loss)	\$ 8,387,494	\$ 22,851,798	\$ (14,464,304) U	\$ 543,102	\$ (15,007,406)	\$ 57.02	\$ 159.03	\$ (102.02)
Net Income Margin	2.0%	5.5%	(3.5%)					
OEBITDA Margin w/o Prop Tax	3.2%	7.1%	(3.9%)					
OEBITDA Margin with Prop Tax	6.2%	10.1%	(3.9%)					

F= Favorable variance
U= Unfavorable variance

Income Statement: Month-to-Date
Consolidated – Weighted Patient Days

				Variance		\$/Wtg Pt Days		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	2,391	2,526	(135)					
Admissions - SNF	95	97	(2)					
Patient Days - Acute	9,087	9,666	(579)					
Patient Days - SNF	6,481	6,546	(65)					
ALOS - Acute	3.66	3.83	(0.17)					
ALOS - SNF	68.22	68.19	0.03					
Weighted Patient Days	13,213	13,258	(45)					
Revenue:								
Gross Revenue	\$ 117,013,135	\$ 114,616,558	\$ 2,396,577 F	\$ (389,029)	\$ 2,785,606	\$ 8,855.91	\$ 8,645.09	\$ 210.82
Deductions from Rev	(84,098,931)	(79,522,873)	(4,576,058) U	269,915	(4,845,973)	(6,364.86)	(5,998.10)	(366.76)
Net Patient Revenue	32,914,204	35,093,685	(2,179,481) U	(119,114)	(2,060,367)	2,491.05	2,646.98	(155.93)
Other Oper Revenue	601,895	1,258,134	(656,239) U	(4,270)	(651,969)	45.55	94.90	(49.34)
Total Net Revenue	33,516,099	36,351,819	(2,835,720) U	(123,385)	(2,712,335)	2,536.60	2,741.88	(205.28)
Expenses:								
Salaries, Wages & Contr Labor	16,738,860	16,705,972	(32,888) U	56,703	(89,591)	1,266.85	1,260.07	(6.78)
Benefits	4,283,649	4,212,966	(70,683) U	14,300	(84,983)	324.20	317.77	(6.43)
Supplies	5,354,770	5,326,861	(27,910) U	18,080	(45,989)	405.27	401.78	(3.48)
Prof Fees & Purch Svc	5,388,389	4,930,693	(457,696) U	16,736	(474,432)	407.81	371.90	(35.91)
Depreciation	1,862,750	1,782,415	(80,335) U	6,050	(86,385)	140.98	134.44	(6.54)
Other	2,604,486	2,217,335	(387,151) U	7,526	(394,677)	197.12	167.25	(29.87)
Total Expenses	36,232,905	35,176,242	(1,056,663) U	119,394	(1,176,056)	2,742.22	2,653.21	(89.01)
Net Inc Before Non-Oper Income	(2,716,806)	1,175,577	(3,892,383) U	(3,990)	(3,888,392)	(205.62)	88.67	(294.29)
Property Tax Revenue	1,125,000	1,125,000	- -	(3,818)	3,818	85.14	84.85	0.29
Non-Operating Income	(530,991)	66,319	(597,310) U	(225)	(597,085)	(40.19)	5.00	(45.19)
Net Income (Loss)	\$ (2,122,797)	\$ 2,366,896	\$ (4,489,693) U	\$ (8,034)	\$ (4,481,658)	\$ (160.66)	\$ 178.53	\$ (339.19)
Net Income Margin	(5.9%)	6.2%	(12.1%)					
OEBITDA Margin w/o Prop Tax	(2.4%)	7.8%	(10.2%)					
OEBITDA Margin with Prop Tax	0.8%	10.7%	(9.9%)					

F= Favorable variance
 U= Unfavorable variance

**Income Statement: Current vs. Prior Year-to-Date
Consolidated – Weighted Patient Days**

	May 08 YTD	May 07 YTD	Variance	Variance		\$/Wtg Pt Days		
				Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	26,572	26,589	(17)					
Admissions - SNF	998	1,043	(45)					
Patient Days - Acute	104,675	103,256	1,419					
Patient Days - SNF	69,649	70,737	(1,088)					
ALOS - Acute	3.91	3.85	0.06					
ALOS - SNF	70.49	68.48	2.01					
Weighted Patient Days	147,106	142,375	4,731					
Revenue:								
Gross Revenue	\$ 1,295,011,313	\$ 1,139,875,148	\$ 155,136,165 F	\$ 37,877,080	\$ 117,259,085	\$ 8,803.25	\$ 8,006.15	\$ 797.11
Deductions from Rev	(917,892,599)	(785,990,279)	(131,902,320) U	(26,117,788)	(105,784,532)	(6,239.67)	(5,520.56)	(719.10)
Net Patient Revenue	377,118,714	353,884,869	23,233,845 F	11,759,293	11,474,552	2,563.58	2,485.58	78.00
Other Oper Revenue	9,377,441	9,621,189	(243,748) U	319,704	(563,452)	63.75	67.58	(3.83)
Total Net Revenue	386,496,155	363,506,058	22,990,097 F	12,078,997	10,911,100	2,627.33	2,553.16	74.17
Expenses:								
Salaries, Wages & Contr Labor	188,669,457	169,939,537	(18,729,920) U	(5,646,946)	(13,082,974)	1,282.54	1,193.61	(88.94)
Benefits	42,634,706	43,929,966	1,295,260 F	(1,459,755)	2,755,015	289.82	308.55	18.73
Supplies	61,175,795	55,960,575	(5,215,220) U	(1,859,522)	(3,355,698)	415.86	393.05	(22.81)
Prof Fees & Purch Svc	57,622,721	48,772,897	(8,849,824) U	(1,620,682)	(7,229,142)	391.71	342.57	(49.14)
Depreciation	19,800,146	18,586,177	(1,213,969) U	(617,603)	(596,366)	134.60	130.54	(4.05)
Other	23,102,380	20,783,062	(2,319,318) U	(690,603)	(1,628,715)	157.05	145.97	(11.07)
Total Expenses	393,005,205	357,972,214	(35,032,991) U	(11,895,112)	(23,137,879)	2,671.58	2,514.29	(157.29)
Net Inc Before Non-Oper Income	(6,509,050)	5,533,844	(12,042,894) U	183,885	(12,226,779)	(44.25)	38.87	(83.12)
Property Tax Revenue	12,375,000	11,595,826	779,174 F	385,319	393,855	84.12	81.45	2.68
Non-Operating Income	2,521,544	1,881,394	640,150 F	62,517	577,633	17.14	13.21	3.93
Net Income (Loss)	\$ 8,387,494	\$ 19,011,064	\$ (10,623,570) U	\$ 631,721	\$ (11,255,291)	\$ 57.02	\$ 133.53	\$ (76.51)
Net Income Margin	2.0%	4.9%	(2.9%)					
OEBITDA Margin w/o Prop Tax	3.2%	6.3%	(3.1%)					
OEBITDA Margin with Prop Tax	6.2%	9.3%	(3.1%)					

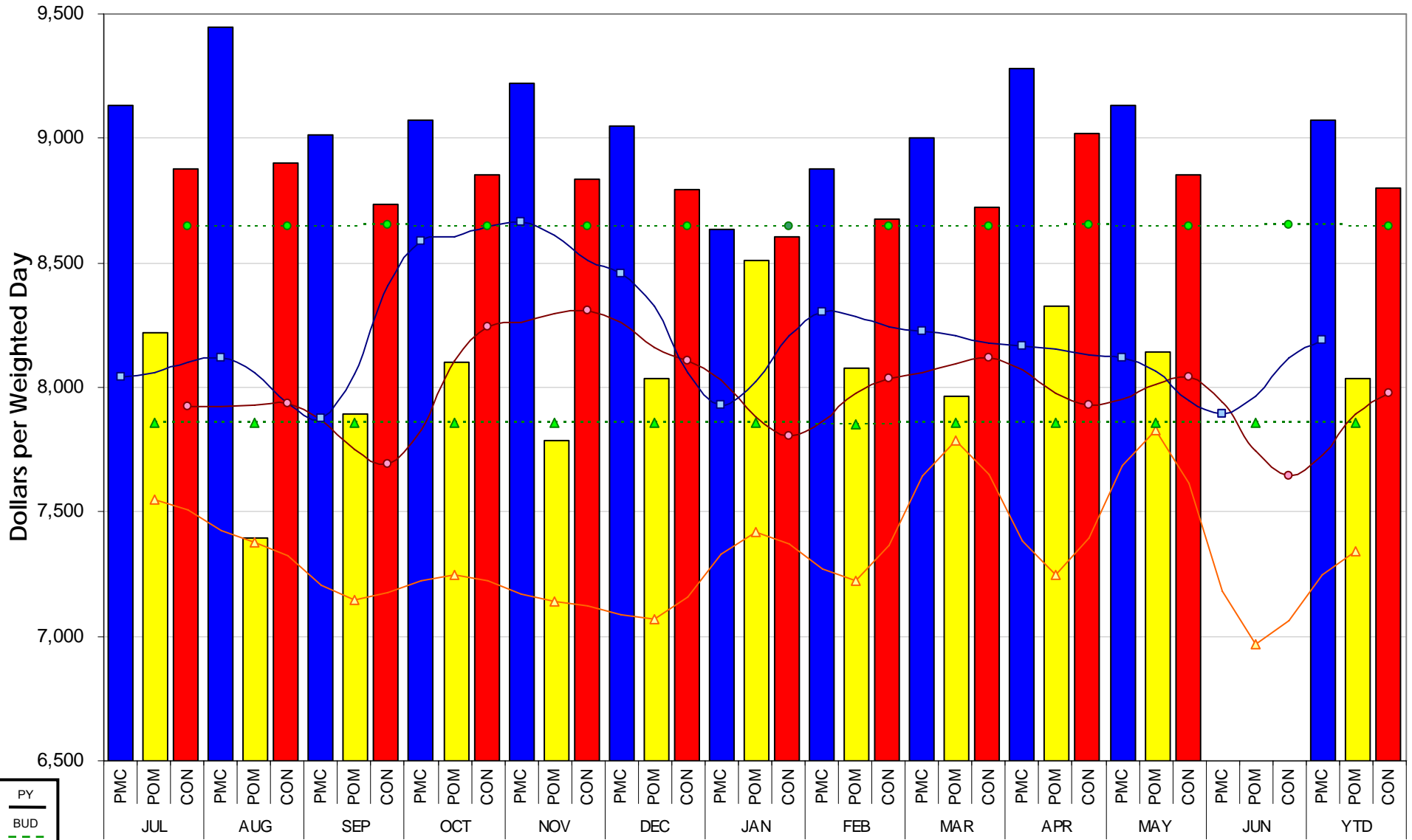
F= Favorable variance
U= Unfavorable variance

F I S C A L Y E A R 2 0 0 8
Income Statement: Fiscal Year Projection
Consolidated – Weighted Patient Days

				Variance		\$/Wtg Pt Days		
	11 Act + 1 Bud	FY 08 Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	29,019	29,827	(808)					
Admissions - SNF	1,092	1,147	(55)					
Patient Days - Acute	114,027	114,111	(84)					
Patient Days - SNF	75,960	77,263	(1,303)					
Weighted Patient Days	43,812	40,397	3,415					
Revenue:								
Gross Revenue	\$ 1,405,946,333	\$ 1,353,265,267	\$ 52,681,066 F	\$ 114,399,606	\$ (61,718,540)	\$ 32,090.44	\$ 33,499.15	\$ (1,408.71)
Deductions from Rev	(994,850,261)	(938,883,067)	(55,967,194) U	(79,369,401)	23,402,207	(22,707.26)	(23,241.41)	534.15
Net Patient Revenue	411,096,072	414,382,200	(3,286,128) U	35,030,206	(38,316,334)	9,383.18	10,257.75	(874.56)
Other Oper Revenue	10,635,575	15,097,606	(4,462,031) U	1,276,291	(5,738,322)	242.75	373.73	(130.98)
Total Net Revenue	421,731,647	429,479,806	(7,748,159) U	36,306,496	(44,054,655)	9,625.94	10,631.48	(1,005.54)
Expenses:								
Salaries, Wages & Contr Labor	204,855,001	197,354,158	(7,500,843) U	(16,683,527)	9,182,684	4,675.77	4,885.37	209.59
Benefits	46,714,462	49,757,147	3,042,685 F	(4,206,269)	7,248,954	1,066.25	1,231.70	165.46
Supplies	66,335,973	62,914,273	(3,421,700) U	(5,318,520)	1,896,820	1,514.11	1,557.40	43.29
Prof Fees & Purch Svc	62,428,144	60,928,830	(1,499,314) U	(5,150,678)	3,651,364	1,424.91	1,508.25	83.34
Depreciation	21,582,561	21,343,632	(238,929) U	(1,804,305)	1,565,376	492.62	528.35	35.73
Other	25,284,048	26,393,963	1,109,915 F	(2,231,240)	3,341,155	577.10	653.36	76.26
Total Expenses	427,200,189	418,692,003	(8,508,186) U	(35,394,539)	26,886,353	9,750.76	10,364.43	613.68
Net Inc Before Non-Oper Income	(5,468,542)	10,787,803	(16,256,345) U	911,958	(17,168,303)	(124.82)	267.04	(391.86)
Property Tax Revenue	13,500,000	13,500,000	- -	1,141,236	(1,141,236)	308.13	334.18	(26.05)
Non-Operating Income	2,587,863	795,822	1,792,041 F	67,276	1,724,765	59.07	19.70	39.37
Net Income (Loss)	\$ 10,619,321	\$ 25,083,625	\$ (14,464,304) U	\$ 2,120,469	\$ (16,584,773)	\$ 242.38	\$ 620.93	\$ (378.54)
Net Income Margin	2.4%	5.6%	(3.2%)					
OEBITDA Margin w/o Prop Tax	3.6%	7.1%	(3.5%)					
OEBITDA Margin with Prop Tax	6.6%	10.1%	(3.5%)					

F= Favorable variance
U= Unfavorable variance

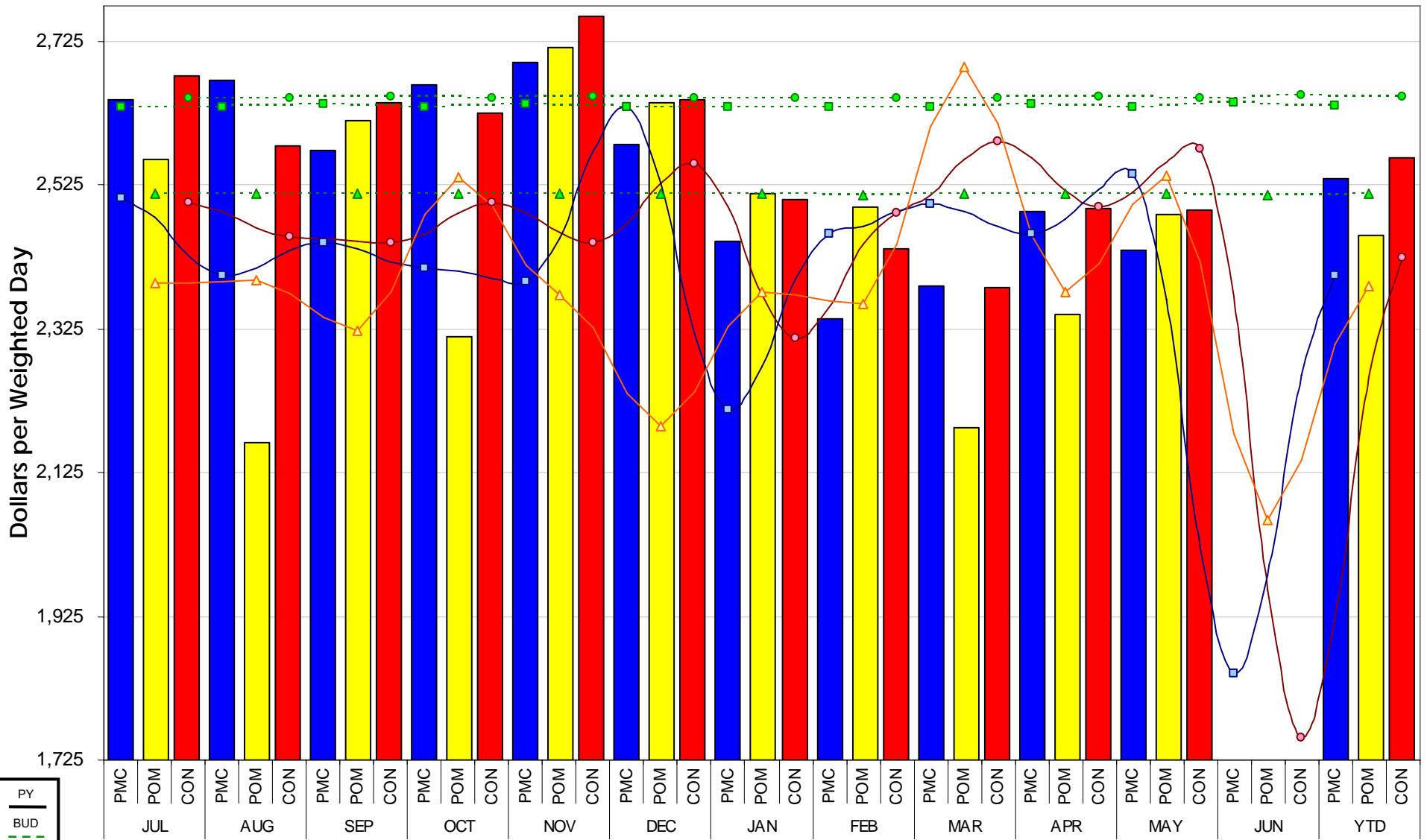
Weighted Patient Days
Gross Patient Revenue per WPD



PY
BUD

	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	9,130	9,449	9,017	9,072	9,222	9,047	8,635	8,875	9,001	9,278	9,135	-	9,074	8,902
POM	8,222	7,392	7,892	8,102	7,784	8,035	8,509	8,077	7,967	8,326	8,140	-	8,035	7,857
CON	8,880	8,898	8,735	8,852	8,835	8,794	8,603	8,676	8,722	9,020	8,856	-	8,803	8,646

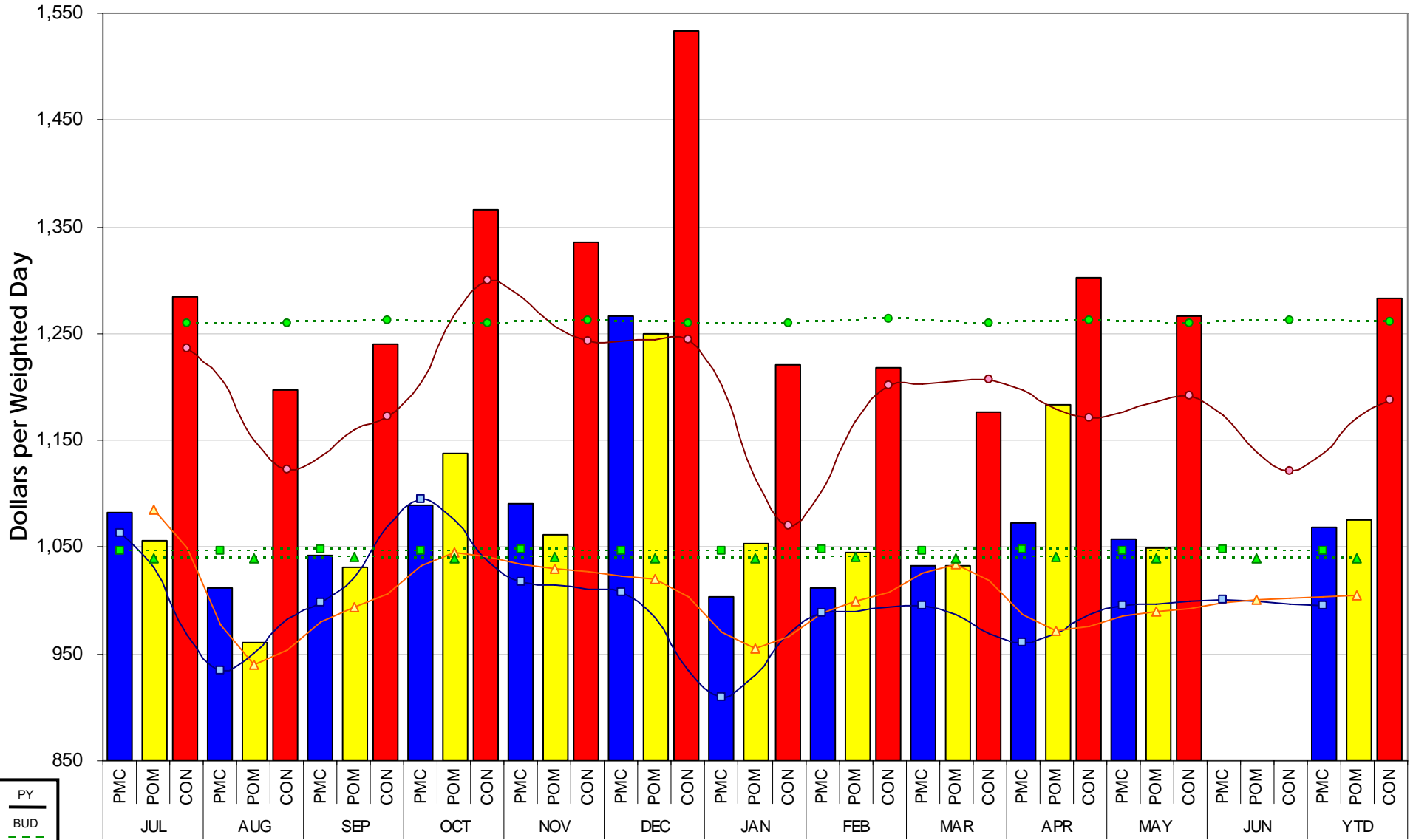
Weighted Patient Days
Net Patient Revenue per WPD



PY
BUD

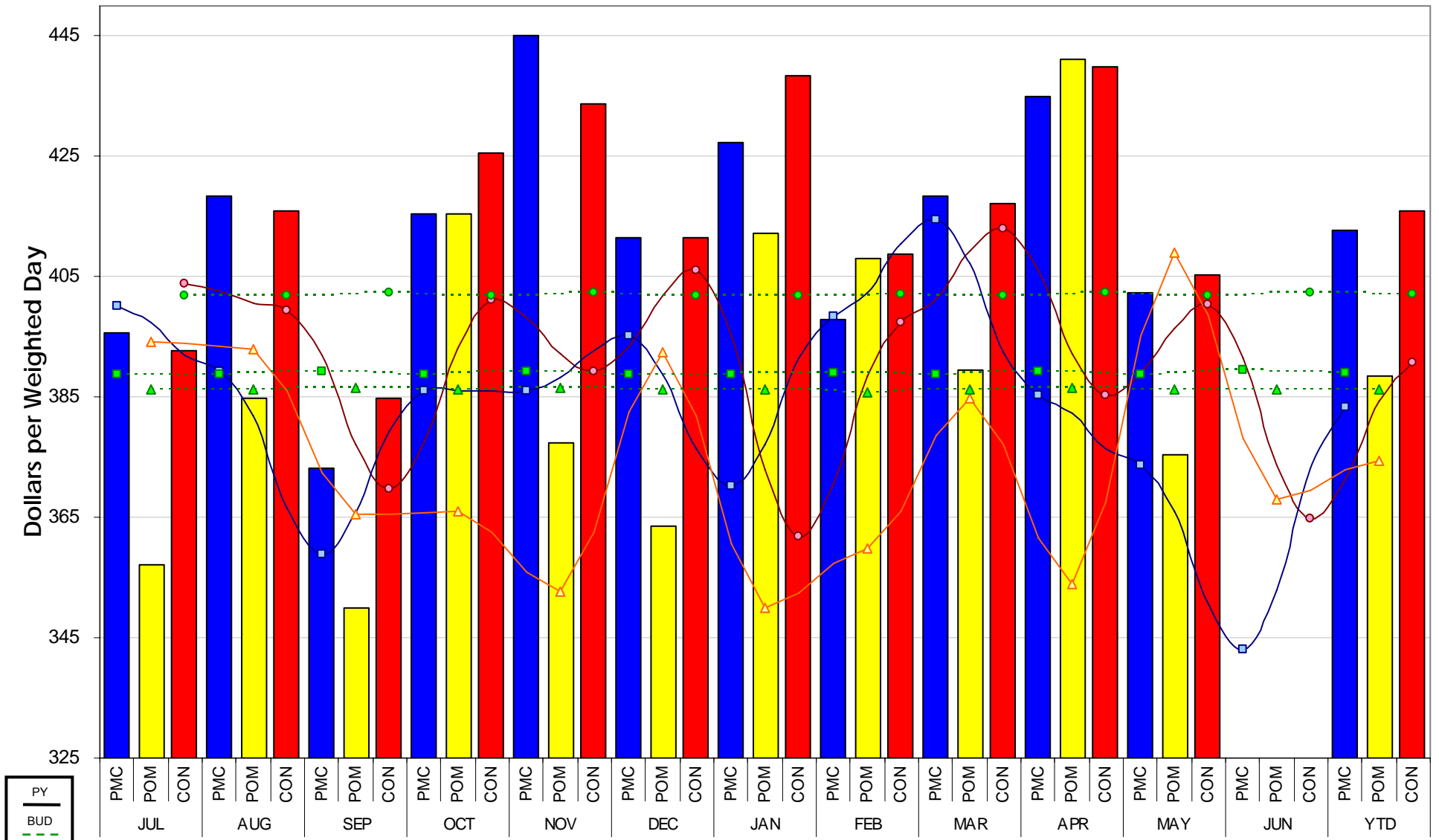
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	2,644	2,671	2,573	2,665	2,696	2,581	2,448	2,340	2,385	2,489	2,435	-	2,535	2,642
POM	2,562	2,168	2,616	2,315	2,717	2,641	2,514	2,494	2,187	2,346	2,484	-	2,455	2,513
CON	2,678	2,580	2,641	2,626	2,760	2,645	2,506	2,437	2,384	2,493	2,491	-	2,564	2,647

Weighted Patient Days
Salaries, Wages & Contract Labor per WPD



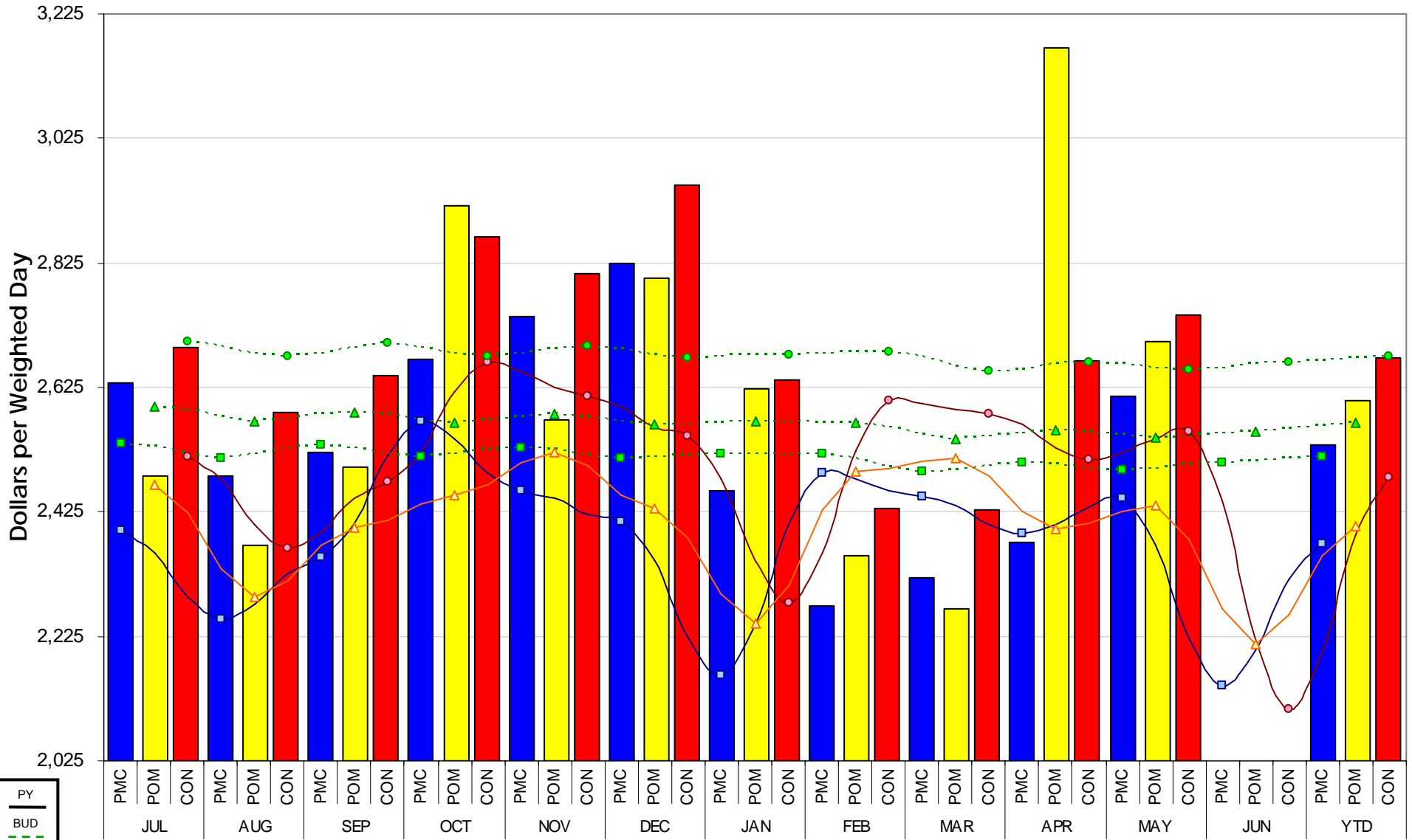
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	1,082	1,012	1,042	1,089	1,090	1,267	1,004	1,012	1,032	1,073	1,058	-	1,068	1,051
POM	1,056	961	1,031	1,138	1,062	1,249	1,054	1,045	1,033	1,184	1,049	-	1,076	1,040
CON	1,284	1,197	1,240	1,366	1,335	1,533	1,221	1,217	1,176	1,302	1,267	-	1,283	1,261

Weighted Patient Days
Supplies per WPD



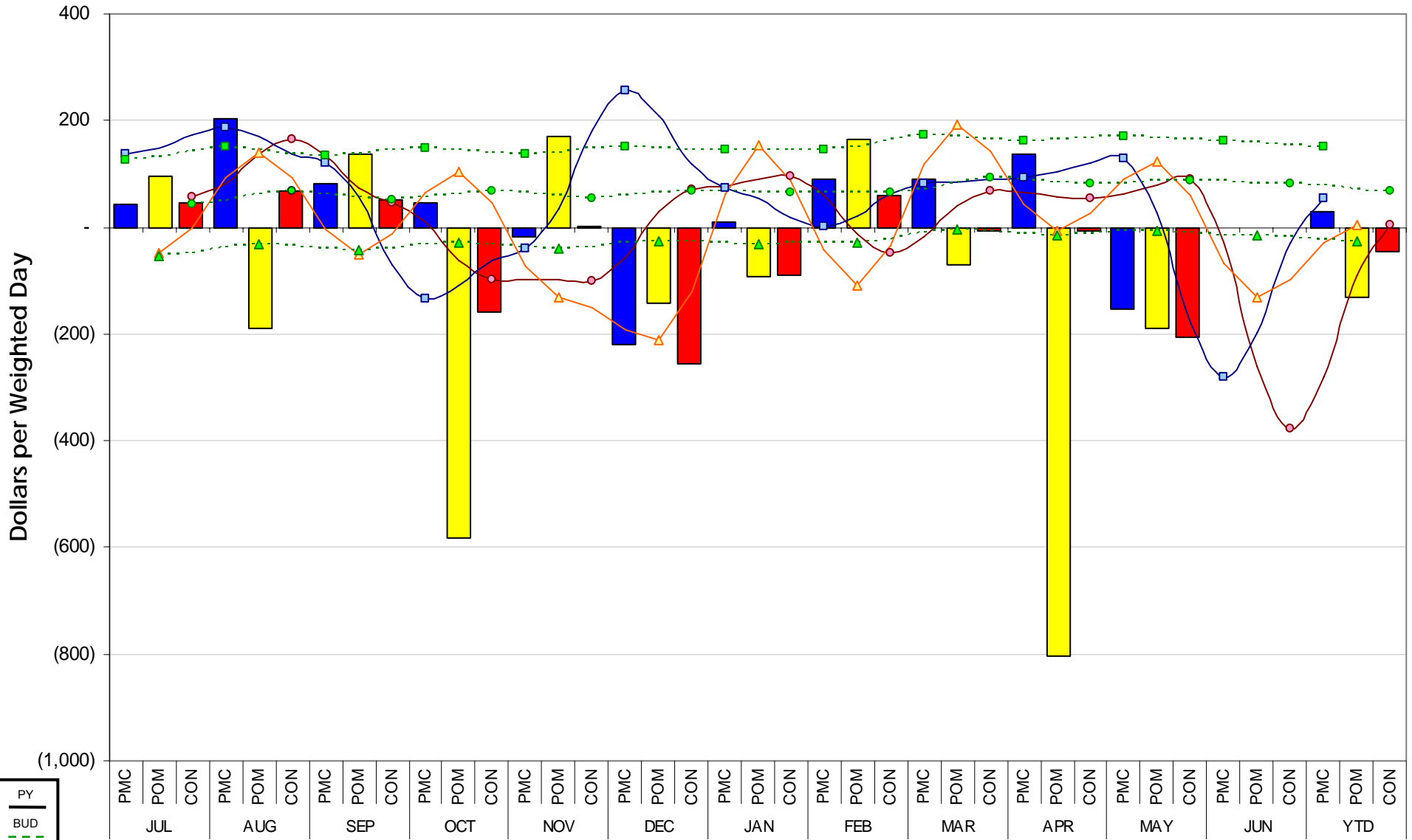
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	396	418	373	415	445	411	427	398	418	435	402	-	413	392
POM	357	385	350	416	377	364	412	408	389	441	375	-	388	386
CON	393	416	385	426	434	412	438	409	417	440	405	-	416	402

Weighted Patient Days
Total Expenses per WPD



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	2,632	2,483	2,521	2,671	2,739	2,824	2,460	2,274	2,318	2,376	2,611	-	2,532	2,522
POM	2,482	2,371	2,496	2,917	2,573	2,801	2,623	2,354	2,269	3,171	2,698	-	2,605	2,568
CON	2,689	2,584	2,644	2,866	2,808	2,950	2,637	2,430	2,427	2,668	2,742	-	2,672	2,676

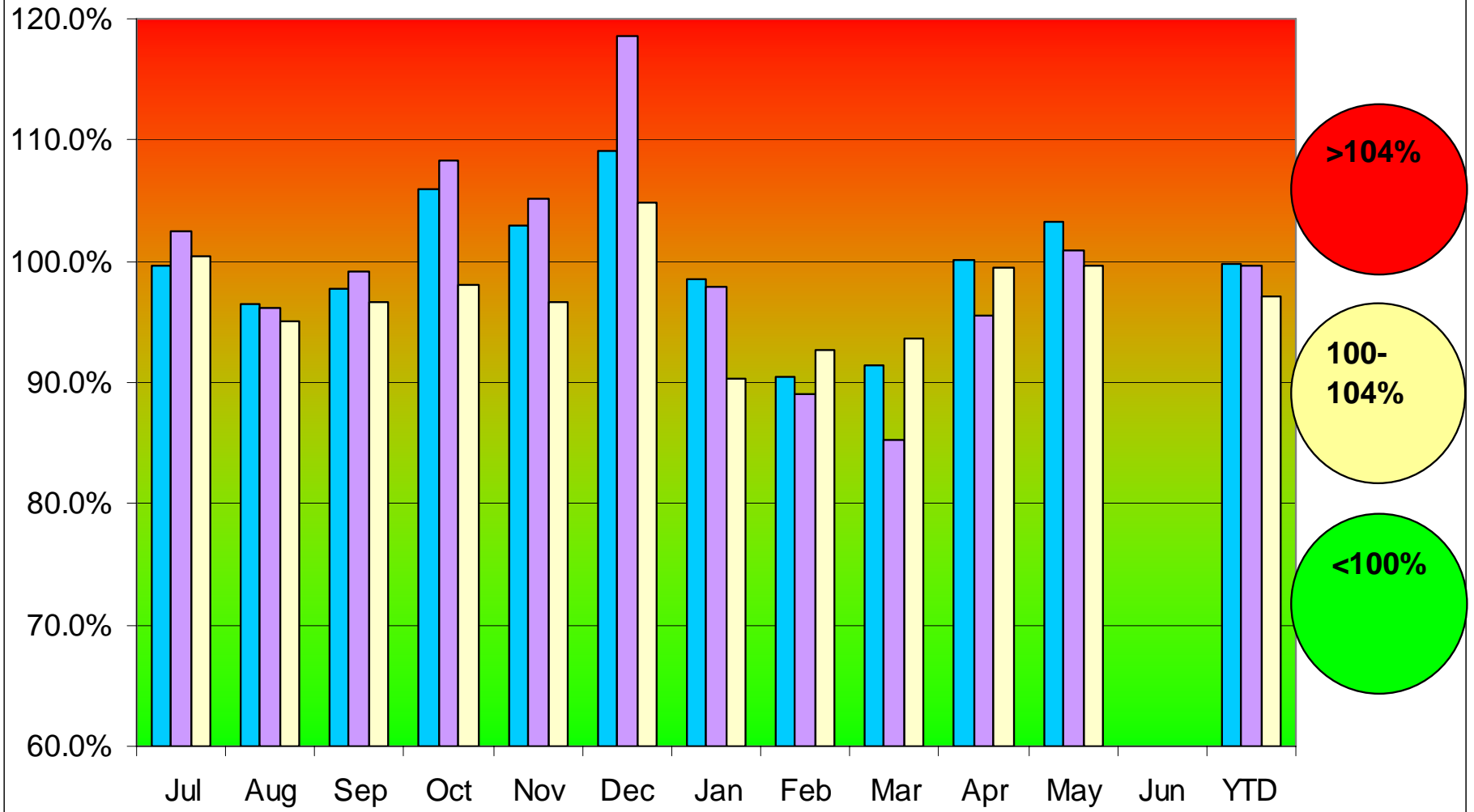
Weighted Patient Days
Net Operating Income per WPD



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	43	204	83	46	(19)	(220)	10	90	89	137	(154)	-	30	148
POM	96	(190)	136	(582)	171	(142)	(93)	165	(71)	(803)	(190)	-	(130)	(28)
CON	45	68	51	(158)	1	(254)	(91)	59	(7)	(8)	(206)	-	(44)	68

Total Consolidated Financial Indicators BSC-FY08

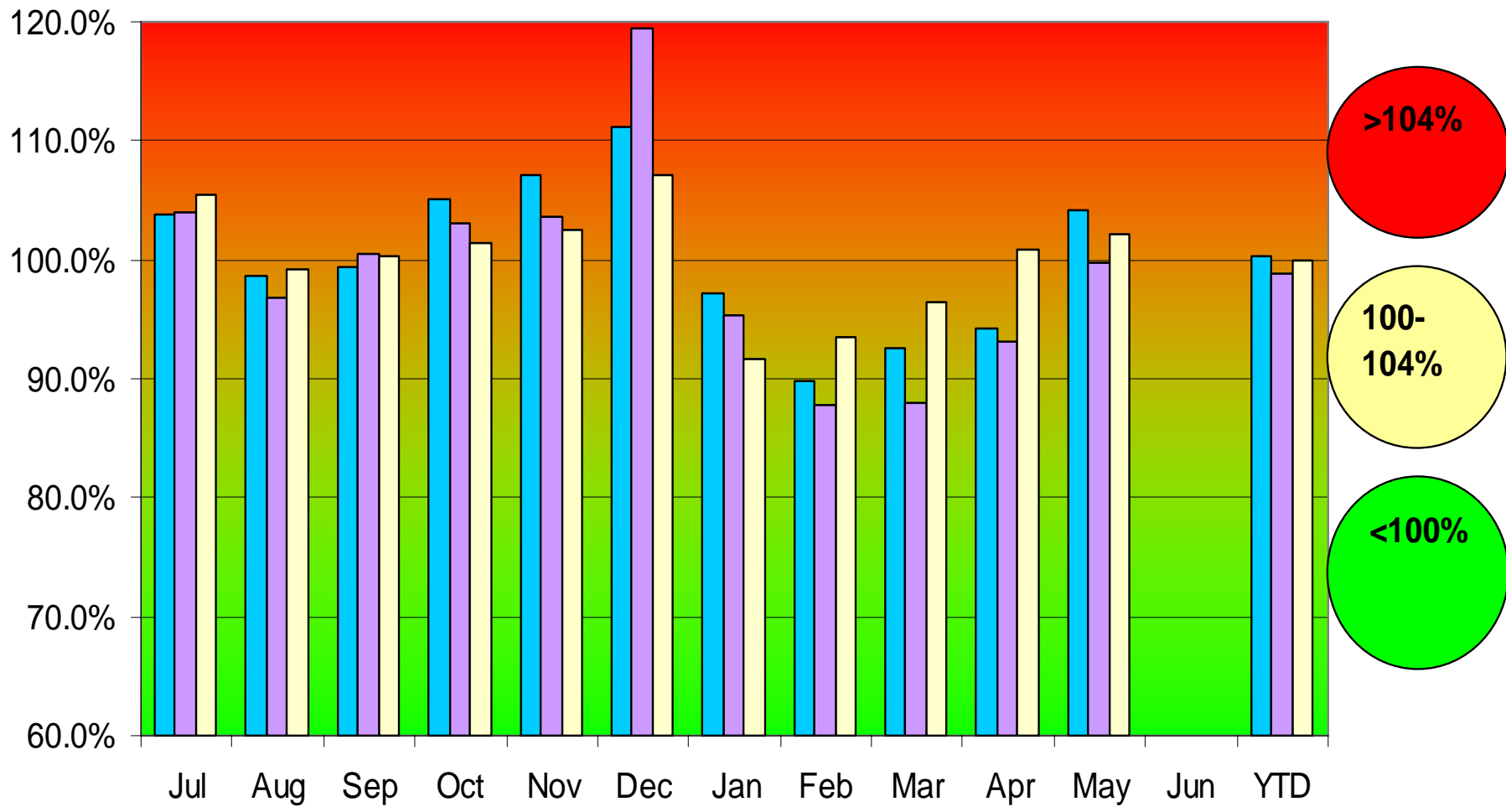
■ % exp /wtd pt day ■ % SWB/wt pt day ■ % Prod FTE/AOB



- >104%
- 100-104%
- <100%

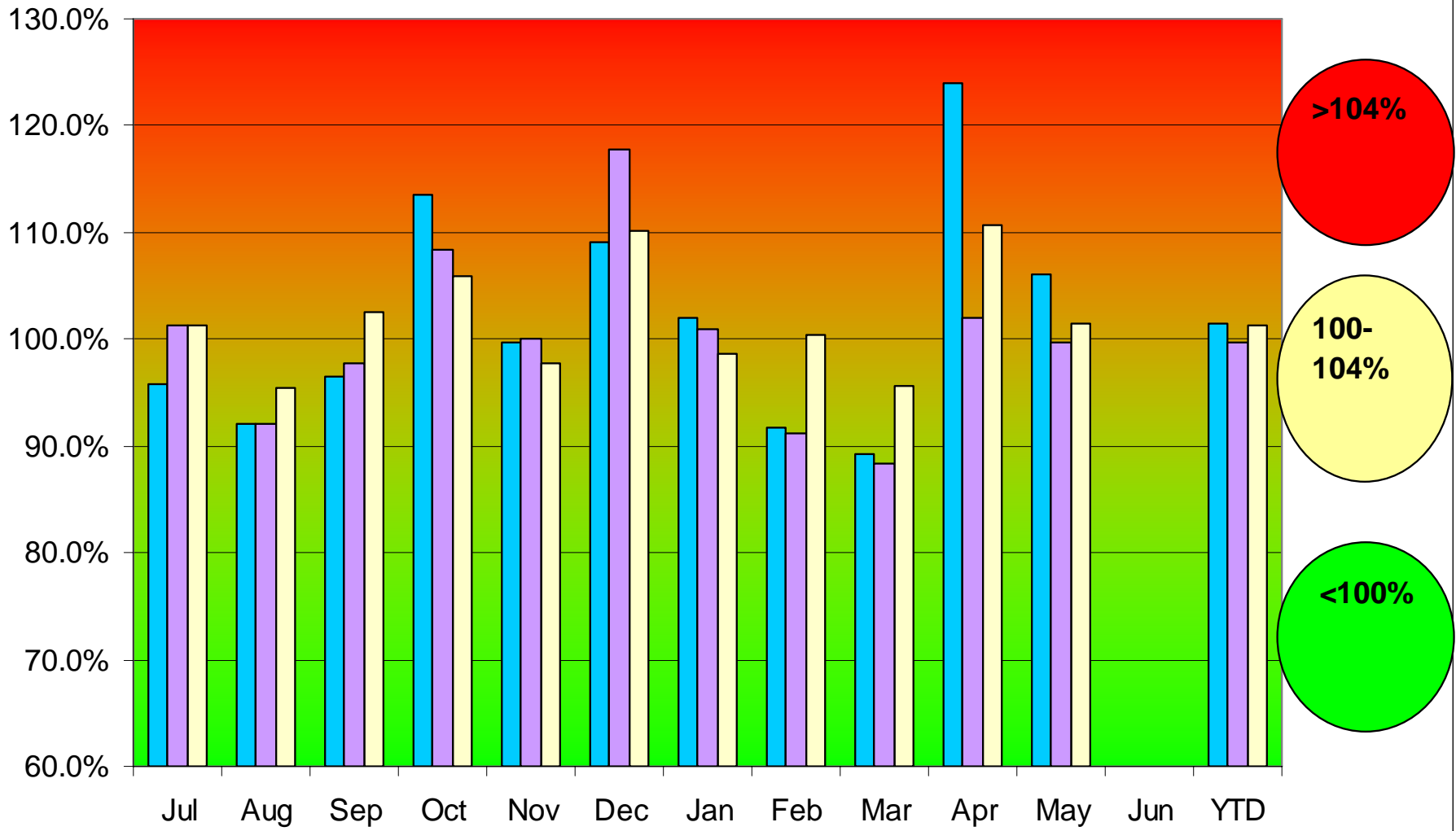
North Consolidated Financial Indicators BSC-FY08

■ % exp /wtd pt day ■ % SWB/wt pt day ■ % Prod FTE/AOB

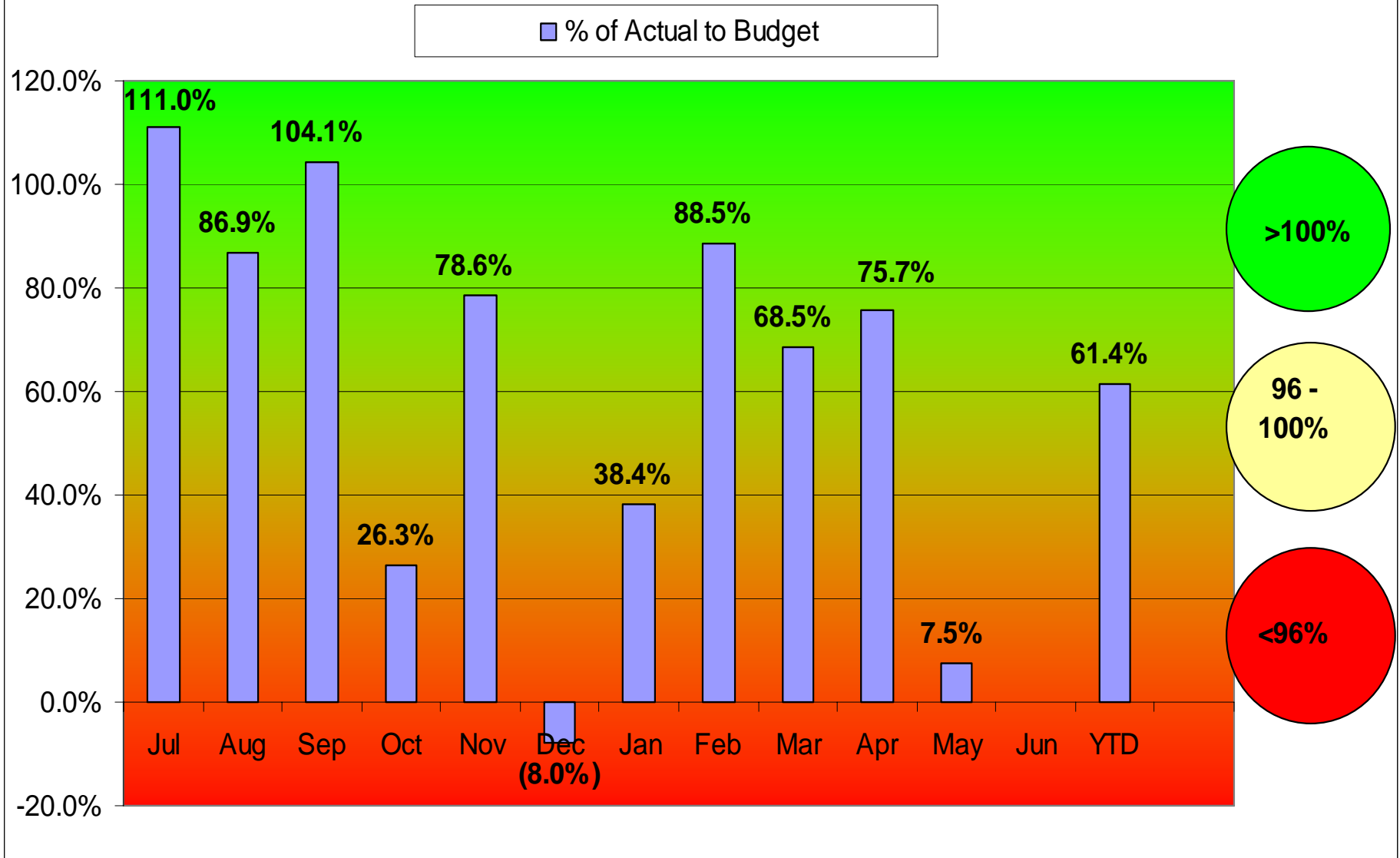


South Consolidated Financial Indicators BSC-FY08

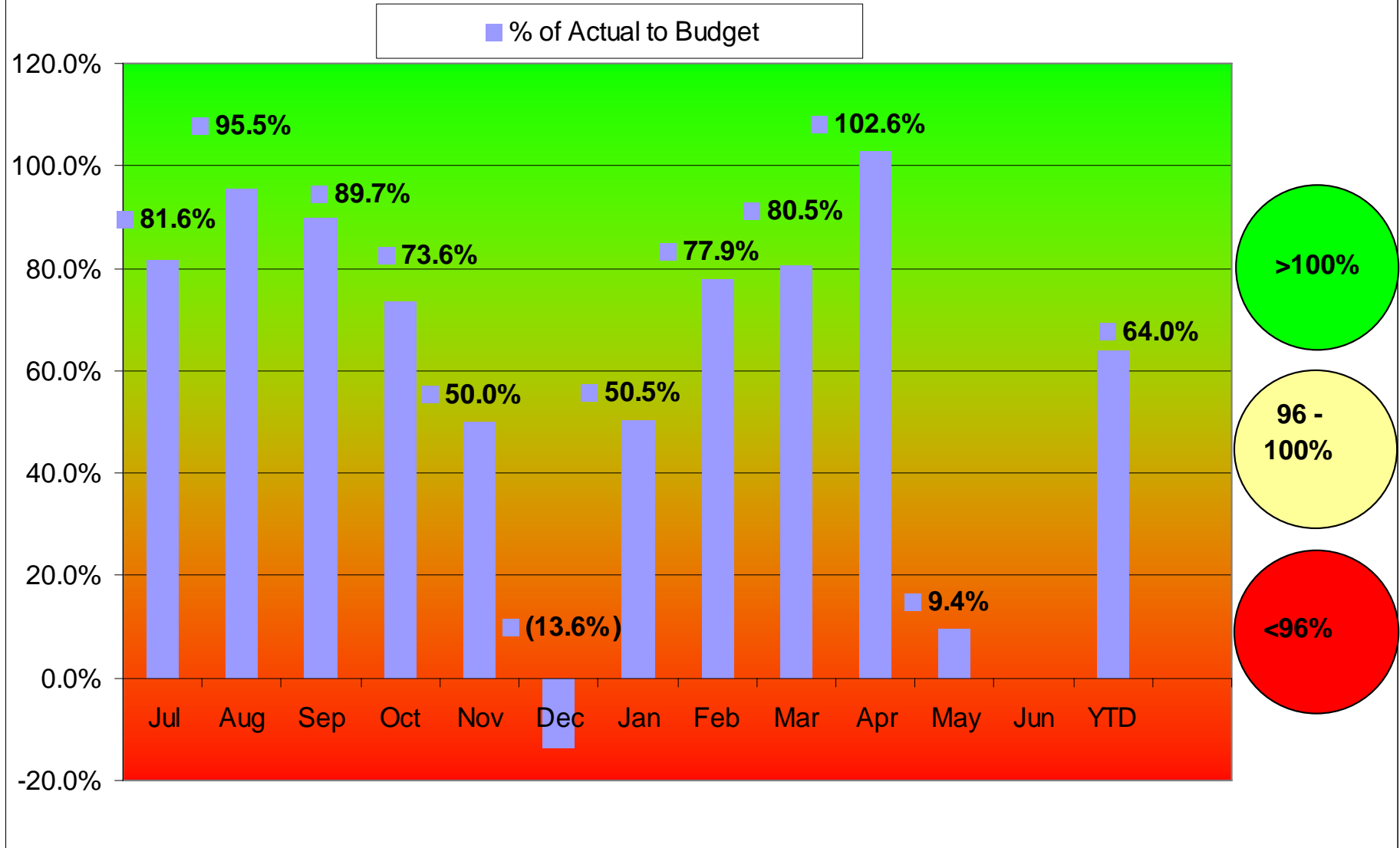
■ % exp /wtd pt day ■ % SWB/wt pt day ■ % Prod FTE/AOB



Total Consolidated OEBITDA w/ Prop Taxes -FY08



North Consolidated OEBITDA w/ Prop Taxes - FY08



South Consolidated OEBITDA w/ Prop Taxes - FY08

