

**Posted**  
**Friday**  
**April 28, 2023**

**FINANCE COMMITTEE MEETING**

**Agenda**

**THURSDAY, MAY 4, 2023**  
**11:00 A.M.**



**PLEASE SEE PAGE 2 FOR MEETING LOCATION**

*PLEASE TURN OFF CELL PHONES OR SET THEM TO SILENT MODE  
UPON ENTERING THE MEETING ROOM*

	<u>Time</u>	<u>Form A Page</u>	<u>Target</u>
<b>CALL TO ORDER</b> .....	.....	.....	<b>11:00</b>
❖ Public Comments <sup>1</sup> .....	..... 30	.....	11:00
1. Board Finance Committee Follow-ups.....	.....	..... 4	11:30
2. * Approval: Minutes – Finance Committee – Wednesday, July 27, 2022 (ADD A – Pp12-38).....	..... 2	..... 5	11:32
3. * Approval: Minutes – Finance Committee – Wednesday, August 24, 2022 (ADD B – Pp39-44).....	..... 2	..... 6	11:34
4. * Approval: Minutes – Special Finance Committee – Tuesday, September 27, 2022 (SEPARATE COVER).....	..... 2	..... 7	11:36
5. * Approval: Executed Budgeted Routine Physician Agreements (ADD C – Pp45-91).....	..... 4	..... 8-9	11:40
6. * Review/Approval: Expenditure & Requisition Approval Authorities.....	..... 10	..... 10	11:50
7. * Review/Approval: March 2023 & YTD FY2023 Financial Report (ADD D – Pp92-117).....	..... 15	..... 11	12:05
<b>FINAL ADJOURNMENT</b> .....	.....	.....	<b>12:05</b>

**NOTE: The meeting—without public comments—is scheduled to last 35 minutes, starting at 11:00 a.m., with adjournment at 11:35 a.m.**

<b>Board Finance Committee – Voting Members</b>		
<b>Laura Barry – Chair</b>	<b>Mike Pacheco – Director</b>	<b>Jeff Griffith, EMT-P - Director</b>
<b>Diane Hansen, President &amp; CEO</b>	<b>Kanchan Koirala, MD, CoS Palomar Medical Center Escondido</b>	<b>Sam Filiciotto, MD, CoS Palomar Medical Center Poway</b>
<b>Board Finance Committee – Alternate Voting Members</b>		
<b>Laurie Edwards-Tate, MS Board Alternate</b>	<b>Andrew Nguyen, MD – CoS-Elect CoS Alternate – Palomar Medical Center Escondido</b>	<b>Mark Goldsworthy, MD – CoS-Elect CoS Alternate – Palomar Medical Center Poway</b>
<b>Board Finance Committee – Non-Voting Members</b>		
<b>Hugh King, CFO</b>	<b>Ryan Olsen, COO</b>	<b>Omar Khawaja, MD, CMO</b>
<b>Mel Russell, RN, CNE</b>		<b>Amanda Pape, Vice President of Finance</b>

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

\* Asterisks indicate anticipated action. Action is not limited to those designated items.

<sup>1</sup> See page 3

# Board Finance Committee Location Options

- **The Linda Greer Conference Room, 2125 Citracado Parkway, Suite 300, Escondido, CA 92029**
  - Elected members of the Board of Directors will attend at this location, unless otherwise noticed below
  - Members of the public may also attend at this location
- **[HTTPS://meet.goto.com/730477221](https://meet.goto.com/730477221) or Dial in using your phone at 866.899.4679; Access Code: 730477221#<sup>1</sup>**
  - Non-Board member attendees and members of the public may attend the meeting virtually utilizing the above link

<sup>1</sup> *New to GoToMeeting? Get the app now and be ready when your first meeting starts:*  
<https://global.gotomeeting.com/install/728792797>

DocID: 21790  
 Revision: 9  
 Status: Official

**Source:**  
 Administrative  
 Board of Directors

**Applies to Facilities:**  
 All Palomar Health Facilities

**Applies to Departments:**  
 Board of Directors

**Policy: Public Comments and Attendance at Public Board Meetings**

**I. PURPOSE:**

A. It is the intention of the Palomar Health Board of Directors to hear public comment about any topic that is under its jurisdiction. This policy is intended to provide guidelines in the interest of conducting orderly, open public meetings while ensuring that the public is afforded ample opportunity to attend and to address the board at any meetings of the whole board or board committees.

**II. DEFINITIONS:**

A. None defined.

**III. TEXT / STANDARDS OF PRACTICE:**

- A. There will be one-time period allotted for public comment at the start of the public meeting. Should the chair determine that further public comment is required during a public meeting, the chair can call for such additional public comment immediately prior to the adjournment of the public meeting. Members of the public who wish to address the Board are asked to complete a [Request for Public Comment form](#) and submit to the Board Assistant prior to or during the meeting. The information requested shall be limited to name, address, phone number and subject, however, the requesting public member shall submit the requested information voluntarily. It will not be a condition of speaking.
- B. Should Board action be requested, it is encouraged that the public requestor include the request on the *Request for Public Comment* as well. Any member of the public who is speaking is encouraged to submit written copies of the presentation. C. The subject matter of any speaker must be germane to Palomar Health's jurisdiction.
- D. Based solely on the number of speaking requests, the Board will set the time allowed for each speaker prior to the public sections of the meeting, but usually will not exceed 3 minutes per speaker, with a cumulative total of thirty minutes.
- E. Questions or comments will be entertained during the "Public Comments" section on the agenda. All public comments will be limited to the designated times, including at all board meetings, committee meetings and board workshops.
- F. All voting and non-voting members of a Board committee will be seated at the table. Name placards will be created as placeholders for those seats for Board members, committee members, staff, and scribes. Any other attendees, staff or public, are welcome to sit at seats that do not have name placards, as well as on any other chairs in the room. For Palomar Health Board meetings, members of the public will sit in a seating area designated for the public.
- G. In the event of a disturbance that is sufficient to impede the proceedings, all persons may be excluded with the exception of newspaper personnel who were not involved in the disturbance in question.
- H. The public shall be afforded those rights listed below (Government Code Section 54953 and 54954).
  - 1. To receive appropriate notice of meetings;
  - 2. To attend with no pre-conditions to attendance;
  - 3. To testify within reasonable limits prior to ordering consideration of the subject in question;
  - 4. To know the result of any ballots cast;
  - 5. To broadcast or record proceedings (conditional on lack of disruption to meeting);
  - 6. To review recordings of meetings within thirty days of recording; minutes to be Board approved before release;
  - 7. To publicly criticize Palomar Health or the Board; and
  - 8. To review without delay agendas of all public meetings and any other writings distributed at the meeting. I. This policy will be reviewed and updated as required or at least every three years.

**IV. ADDENDUM:**

Original Document Date: 2/94  
 Reviewed: 8/95; 1/99; 9/05  
 Revision Number: 1 Dated: 9/20/05

**Source Administrator** Hernandez, Lisa

**Document Owner** DeBruin, Kevin

**Collaborators:** Carla Albright, Deanna Peterson, Deborah Hollick, Douglas Moir, Jami Piearson, Jeffrey Griffith, Julie H Avila, Kelly Wells, Laurie Edwards-Tate, Megan Strole, Nancy Calabria, Nanette Irwin, Richard Engel, Sally Valle, Tanya L Howell, Thomas Kumura

**Reviewers**

**Approvals**

**- Committees:** ( 10/12/2022 ) Policies & Procedures

**- Signers:** Kevin DeBruin

**Original Effective Date** Kevin DeBruin, Chief Legal Officer ( 10/25/2022 09:21AM PST )

**Revised Reviewed** [09/20/2005 Rev. 1], [03/13/2009 Rev. 2], [04/14/2012 Rev. 3], [05/01/2014 Rev. 4], [02/03/2017 Rev. 5], [04/22/2019 Rev. 6], [07/10/2019 Rev. 7], [12/02/2021 Rev. 8], [10/25/2022 Rev. 9]

**Next Review Date** 10/24/2025

**Attachments:**

**(REFERENCED BY** [Public Comment Form](#)

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## Board Finance Committee Follow-Ups

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Hubert U. King, Chief Financial Officer

**Background:** At the Board's request, the Committee Assistant maintains a list of those items on which follow-up information has been requested. Items will remain on the list until each matter has been finalized (*see below*).

In reviewing prior meeting minutes for presentation to the Committee, Mrs. Howell discovered that this matter had inadvertently been omitted from discussion at the following meeting, and it had not yet been presented.

### Wednesday, April 27, 2022

1. Mr. King will present proposals for revamping the financial packet at a future meeting
  - a. The Finance team has updated the packet being utilized at this meeting – Mr. King will highlight the changes
2. Mrs. Howell will begin emailing the entire packet to everyone on the Committee, as well as posting it online
  - a. That practice was begun with the packet for this meeting

**Budget Impact:** N/A

**Staff Recommendation:** *Information Only*

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

**Minutes  
Finance Committee  
Wednesday, July 27, 2022**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Tanya Howell, Assistant

**BY:** Hubert U. King, Chief Financial Officer

**Background:** The minutes of the Board Finance Committee meeting held on Wednesday, July 27, 2022, are respectfully submitted for approval (*Addendum A*).

**Budget Impact:** N/A

**Staff Recommendation:** Staff recommends approval of the Wednesday, July 27, 2022, Board Finance Committee minutes.

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

**Minutes  
Finance Committee  
Wednesday, August 24, 2022**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Tanya Howell, Assistant

**BY:** Hubert U. King, Chief Financial Officer

**Background:** The minutes of the Board Finance Committee meeting held on Wednesday, August 24, 2022, are respectfully submitted for approval (*Addendum B*).

**Budget Impact:** N/A

**Staff Recommendation:** Staff recommends approval of the Wednesday, August 24, 2022, Board Finance Committee minutes.

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

**Minutes**  
**Special Board Finance Committee**  
**Tuesday, September 27, 2022**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Tanya Howell, Assistant

**BY:** Hubert U. King, Chief Financial Officer

**Background:** The minutes of the Special Board Finance Committee meeting held on Tuesday, September 27, 2022, were still being finalized at the time of publication. If completed before the meeting date, they will either be submitted under separate cover or presented at the meeting.

**Budget Impact:** N/A

**Staff Recommendation:** Recommendation will be made at the meeting.

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## EXECUTED, BUDGETED, ROUTINE PHYSICIAN AGREEMENTS

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Hubert U. King, Chief Financial Officer

**Background:** The following Executed, Budgeted, Routine Physician Agreement became effective as noted below:

PHYSICIAN/GROUP	TYPE OF AGREEMENT
<b>June 2022</b>	
<ul style="list-style-type: none"> <li>• Palomar Hospital Partners, Inc. aka Emergent Medical Associates</li> </ul>	<ul style="list-style-type: none"> <li>• Professional Services Agreement – Acute Rehabilitation &amp; Behavioral Services</li> </ul>
<b>September 2022</b>	
<ul style="list-style-type: none"> <li>• Escondido Pulmonary &amp; Sleep Specialists, Inc. – Services of Frank Bender, MD</li> </ul>	<ul style="list-style-type: none"> <li>• Amendment 2 to Medical Director Agreement – Respiratory &amp; Pulmonary Services</li> </ul>
<b>October 2022</b>	
<ul style="list-style-type: none"> <li>• James Bried, MD</li> </ul>	<ul style="list-style-type: none"> <li>• Amendment 1 to Medical Director Agreement – Orthopedic Services – PMC Poway</li> </ul>
<ul style="list-style-type: none"> <li>• Palomar Health Medical Group</li> </ul>	<ul style="list-style-type: none"> <li>• Professional Services &amp; Medical Director Agreement – Radiation Oncology</li> </ul>
<ul style="list-style-type: none"> <li>• Palomar Health Medical Group</li> </ul>	<ul style="list-style-type: none"> <li>• Call Coverage Agreement – Electrophysiology</li> </ul>
<ul style="list-style-type: none"> <li>• The Neurology Center of Southern California – Services of Remia Paduga, MD</li> </ul>	<ul style="list-style-type: none"> <li>• Amendment 2 to Medical Director Agreement – Neuroscience Acute Care &amp; Stroke Program</li> </ul>
<b>November 2022</b>	
<ul style="list-style-type: none"> <li>• Palomar Health Medical Group</li> </ul>	<ul style="list-style-type: none"> <li>• Amendment 1 to Anesthesia Coverage Agreement</li> </ul>
<b>December 2022</b>	
<ul style="list-style-type: none"> <li>• Srinivas Iyengar, MD</li> </ul>	<ul style="list-style-type: none"> <li>• Call Coverage Agreement – Ophthalmology</li> </ul>
<ul style="list-style-type: none"> <li>• Brian Le, MD</li> </ul>	<ul style="list-style-type: none"> <li>• Call Coverage Agreement – Ophthalmology</li> </ul>
<ul style="list-style-type: none"> <li>• Lillian Lee, MD</li> </ul>	<ul style="list-style-type: none"> <li>• Call Coverage Agreement – Ophthalmology</li> </ul>
<ul style="list-style-type: none"> <li>• Nikolas London, MD</li> </ul>	<ul style="list-style-type: none"> <li>• Call Coverage Agreement – Ophthalmology</li> </ul>
<ul style="list-style-type: none"> <li>• Reza Khoshini, MD</li> </ul>	<ul style="list-style-type: none"> <li>• Amendment 1 to Professional Services Agreement – EUS Procedures - Gastrointestinal</li> </ul>
<b>January 2023</b>	
<ul style="list-style-type: none"> <li>• Maria Castillo, MD</li> </ul>	<ul style="list-style-type: none"> <li>• Department Chair Agreement – OB/GYN – PMC Poway</li> </ul>
<ul style="list-style-type: none"> <li>• Sam Filiciotto, MD, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>• Chief of Staff Agreement – PMC Poway</li> </ul>
<ul style="list-style-type: none"> <li>• Mark Goldsworthy, MD, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>• Chief of Staff-Elect Agreement – PMC Poway</li> </ul>
<ul style="list-style-type: none"> <li>• Mark Goldsworthy, MD, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>• Quality Management Committee Chair Agreement – PMC Poway</li> </ul>



**EXECUTED, BUDGETED, ROUTINE PHYSICIAN AGREEMENTS**

PHYSICIAN/GROUP	TYPE OF AGREEMENT
<ul style="list-style-type: none"> <li>Hematology Oncology Partners in Excellence – Services of Hardeep S. Phull, MD</li> </ul>	<ul style="list-style-type: none"> <li>Amendment 1 to Medical Director Agreement – Oncology Infusion Services</li> </ul>
<ul style="list-style-type: none"> <li>Jason Keri, MD</li> </ul>	<ul style="list-style-type: none"> <li>Department Chair Agreement – Psychiatry – PMC Poway</li> </ul>
<ul style="list-style-type: none"> <li>Palomar Medical Center Escondido Medical Staff</li> </ul>	<ul style="list-style-type: none"> <li>Bulk Stipend Agreement – Department Chairs</li> </ul>
<ul style="list-style-type: none"> <li>Rady Children’s Chadwick Center</li> </ul>	<ul style="list-style-type: none"> <li>Amendment 2 to Coverage Agreement – Pediatric SART</li> </ul>
<ul style="list-style-type: none"> <li>Paul Ritchie, MD</li> </ul>	<ul style="list-style-type: none"> <li>Department Chair Agreement – Anesthesia Services – PMC Poway</li> </ul>
<ul style="list-style-type: none"> <li>Robert Stein, MD</li> </ul>	<ul style="list-style-type: none"> <li>Medical Director Agreement – Cardiac Rehabilitation</li> </ul>
<b>April 2023</b>	
<ul style="list-style-type: none"> <li>OB Hospitalist Group aka OBHG California, PC</li> </ul>	<ul style="list-style-type: none"> <li>Amendment 2 – Professional Services Agreement</li> </ul>

The standard Form A’s and Abstract Tables for each are included as Addendum C).

**Staff Recommendation:** Approval

<p><b>COMMITTEE RECOMMENDATION:</b></p> <p><b>Motion:</b></p> <p><b>Individual Action:</b></p> <p><b>Information:</b></p> <p><b>Required Time:</b></p>
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# Expenditure & Requisition Approval Authority Procedure

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Kevin DeBruin, Chief Legal Officer

**Background:** Palomar Health’s Expenditure and Requisition Approval Authority Procedure—Lucidoc No. 14779—(“ERAA Procedure”) specifies the monetary limits established by the Board of Directors (“Board”) for the CEO or her designee, as specified by the ERAA Procedure, related to the authority to approve any capital transaction, including non-budgeted construction-in-progress transaction, operating non-budgeted transaction, emergency non-budgeted transaction, emergency or non-budgeted construction-in-progress transaction, or a settlement of a claim. The Board may increase these specific monetary limits. Legal counsel recommends any increase to the monetary limits be approved by the Board via resolution, and such increases be memorialized in an updated ERAA procedure.

**Budget Impact:** N/A

**Staff Recommendation:** Staff recommends that the Finance Committee recommend the proposed increases to the monetary limits of the ERAA Procedure to the Board, and such increases be approved by the Board via resolution and memorialized in an updated ERAA procedure.

**Committee Questions:**

## COMMITTEE RECOMMENDATION:

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## March 2023 and YTD FY2023 Financial Report

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Hubert U. King, Chief Financial Officer

**Background:** The Board Financial Report (unaudited) for March 2023 and YTD FY2023 is submitted for the Finance Committee's approval (*Addendum D*).

**Budget Impact:** N/A

**Staff Recommendation:** Approval

**Committee Questions:**

### COMMITTEE RECOMMENDATION:

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

# ADDENDUM A

# Meeting Minutes

## BOARD FINANCE COMMITTEE CALENDAR YEAR 2022



Passion. People. Purpose.™

ATTENDANCE ROSTER					
MEMBERS	MEETING DATES:				
	SPECIAL 1/26/22	4/27/22	7/27/22	8/24/22	10/26/22
DIRECTOR LAURA BARRY – CHAIR	V	V	V		
DIRECTOR JEFF GRIFFITH, EMT-P	V	V	E		
DIRECTOR MIKE PACHECO	V	V	V		
DIANE HANSEN, PRESIDENT & CEO	V	V	V		
SABIHA PASHA, MD, CoS PMC ESCONDIDO	V	E	V		
EDWARD GURROLA, MD , CoS, PMC POWAY	V	V	V		
<i>DIRECTOR LAURIE EDWARDS-TATE, MS – ALTERNATE</i>		G			
<i>DIRECTOR TERRY CORRALES, RN – ALTERNATE</i>			V		
<i>KANCHAN KOIRALA – ALTERNATE CoS PMC ESCONDIDO</i>					
<i>SAM FILICIOTTO, MD – ALTERNATE CoS PMC POWAY</i>	V (GUEST)		G		
<b>STAFF ATTENDEES</b>					
HUGH KING, CHIEF FINANCIAL OFFICER		V	V		
SHEILA BROWN, RN, CHIEF OPERATIONS OFFICER	V	V	E		
OMAR KHAWAJA, MD, CHIEF MEDICAL OFFICER	V	V	V		
MEL RUSSELL, RN, CHIEF NURSE EXECUTIVE	V	V	V		
AMANDA PAPE, VP OF FINANCE			V		
TANYA HOWELL – COMMITTEE ASSISTANT	V	V	V		
MICHAEL BOGERT, CHIEF FINANCIAL OFFICER	V				
JIM SMITH, VP OF FINANCE	E				
<b>INVITED GUESTS</b>	<b>SEE TEXT OF MINUTES FOR NAMES OF INVITED GUESTS</b>				

BOARD FINANCE COMMITTEE –MEETING MINUTES – WEDNESDAY, JULY 27, 2022			
AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL ?
DISCUSSION			
<b>NOTICE OF MEETING</b>			
<ul style="list-style-type: none"> <li>The full agenda packet (as Notice of Meeting) was posted on Friday, July 22, 2022, at Palomar Health’s Administrative Offices, which is consistent with legal requirements</li> <li>The full agenda packet was also posted on the Palomar Health website; and notice of that posting was made via email to the Board and staff</li> </ul>			
<b>CALL TO ORDER</b>			
<ul style="list-style-type: none"> <li>The meeting – held virtually – was called to order at 1:33 p.m. by Chair Laura Barry</li> </ul>			
<b>ESTABLISHMENT OF QUORUM<sup>1</sup></b>			
<ul style="list-style-type: none"> <li>Quorum was established – see roster for details</li> </ul>			
<b>PUBLIC COMMENTS</b>			
<ul style="list-style-type: none"> <li>None filed</li> </ul>			
<b>INFORMATION ITEMS</b>			
<ul style="list-style-type: none"> <li>None</li> </ul>			
<b>1. BOARD FINANCE COMMITTEE FOLLOW-UPS</b>			<b>Y</b>
<ul style="list-style-type: none"> <li>There were no follow-ups</li> </ul>			
<b>2. MINUTES –BOARD FINANCE COMMITTEE MEETING, WEDNESDAY, APRIL 27, 2022</b>			<b>N</b>
<ul style="list-style-type: none"> <li>Secretary Howell reported that the minutes had not yet been finalized and would need to be reviewed at the next meeting</li> </ul>			
<b>3. EXECUTED, BUDGETED, ROUTINE PHYSICIAN AGREEMENTS</b>	<b>MOTION:</b> By Dr. Gurrola, seconded by Ms. Hansen, and carried to recommend approval of the Executed, Budgeted, Routine Physician Agreements as presented. Vote taken by Roll Call: Dr. Pasha – aye; Dr. Gurrola – aye; Chair Barry –aye; Ms. Hansen – aye; Director Pacheco – aye; Director Corrales – aye; Absent: Director Griffith	Forwarded to the April 8, 2022, Board of Directors meeting with a recommendation for approval	<b>Y</b>
<ul style="list-style-type: none"> <li>No discussion</li> </ul>			

**BOARD FINANCE COMMITTEE –MEETING MINUTES – WEDNESDAY, JULY 27, 2022**

• AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL ?
• DISCUSSION			
<b>4. RESOLUTION No. 08.08.22(01)-17 OF THE BOARD OF DIRECTORS OF PALOMAR HEALTH – GENERAL OBLIGATION BONDS – TAX LEVY 2022-2023</b>	<b>MOTION:</b> By Director Corrales, seconded by Dr. Gurrola, and carried to approve Resolution No. 08.08.22(01)-17 of the Board of Directors of Palomar Health – General Obligation Bonds – Tax Levy 2022-2023 Vote taken by Roll Call: Dr. Pasha – aye; Dr. Gurrola – aye; Chair Barry –aye; Ms. Hansen – aye; Director Pacheco – aye; Director Corrales – aye; Absent: Director Griffith	Forwarded to the April 8, 2022, Board of Directors meeting with a recommendation for approval	<b>Y</b>
<ul style="list-style-type: none"> <li>• Chair Barry noted that this was a routine item, required every year related to the levy and collection of taxes by the County on behalf of the District, then asked CFO Hugh King to provide some more detail</li> <li>• Mr. King commented that Palomar has issued 2 types of bonds                             <ul style="list-style-type: none"> <li>○ Certificates of participation/revenue bonds, paid for by the proceeds of services provided by the hospital</li> <li>○ General Obligation (GO) bonds, which were issued following a vote by the tax payers of the district that authorized the issuance of the bonds, as well as the authority to levy taxes to pay the principal and interest on the GO bonds, which are a debt of the District, but ultimately a debt of the district’s taxpayers                                     <ul style="list-style-type: none"> <li>– Each year, the Board votes on a millage rate to be applied to the assessed value of each home within the District’s boundaries, with the taxes collected by the County and then sent to the District</li> <li>– The levy last year was \$38/\$100K of assessed value on each home</li> <li>– This year because the valuation of properties was higher, the levy being recommended is \$37/\$100K of assessed value</li> <li>– Based on the current assessed value, that will generate somewhere around \$37M in taxes to pay the bonds</li> <li>– This body would approve the recommended tax levy and make a recommendation that it go to the full Board for final approval</li> </ul> </li> </ul> </li> </ul>			
<b>5. RESOLUTION No. 08.08.22(02)-18 OF THE BOARD OF DIRECTORS OF PALOMAR HEALTH – ESTABLISHMENT OF THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2023</b>	<b>MOTION:</b> By Director Corrales, seconded by Ms. Hansen, and carried to approve Resolution No. 08.08.22(02)-18 of the Board of Directors of Palomar Health – Establishment of the Appropriations Limit for Fiscal Year 2023 Vote taken by Roll Call: Dr. Pasha – aye; Dr. Gurrola – aye; Chair Barry –aye; Ms. Hansen – aye; Director Pacheco – aye; Director Corrales – aye; Absent: Director Griffith	Forwarded to the April 8, 2022, Board of Directors meeting with a recommendation for approval	<b>Y</b>
<ul style="list-style-type: none"> <li>• Chair Barry stated that this was another annually required approval, then asked Mr. King to again provide details</li> <li>• Mr. King stated that this was one of his personal favorites: In 1979, California passed what is known as the GANN Act, assuring taxpayers that no governmental entity would assess a higher per diem tax rate than they had been assessed in the 1977-78 fiscal year                             <ul style="list-style-type: none"> <li>○ That rate is annually adjusted by population growth and by the inflation rate on new construction, because it relates to a property tax levy</li> </ul> </li> </ul>			

**BOARD FINANCE COMMITTEE –MEETING MINUTES – WEDNESDAY, JULY 27, 2022**

• AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL ?
<p>• DISCUSSION</p>			
<ul style="list-style-type: none"> <li>○ Every year, Management performs a calculation that sets the limit on what the taxpayers can be assessed and what the money can be used for               <ul style="list-style-type: none"> <li>– That limit has historically been so much higher than the District’s actual assessment that the net impact has been relatively small</li> <li>– The methodology is via a link-chain calculation, starting with the prior year, then using an inflation rate related to construction, which was 7.55% this year                   <ul style="list-style-type: none"> <li>▪ Also, as there was a slight decline in the population in the District, instead of multiplying by 1, the multiplier was .9994</li> <li>▪ That total calculation provided the amount of increase—7.49%—that could be levied over last year’s, with a final appropriations limit of \$125,892,811</li> </ul> </li> <li>– Palomar’s tax levies – at less than \$60M, are well below the limit, but we are required by law to perform this calculation on an annual basis</li> </ul> </li> </ul>			
<p><b>6. EDITS TO ARTICLE VIII.B.1.D. OF THE BYLAWS: FINANCE COMMITTEE</b></p>	<p><b>MOTION:</b> By Director Corrales, seconded by Ms. Hansen, and carried to approve Edits to Article VIII.B.1.d. of the Bylaws: Finance Committee</p> <p>Vote taken by Roll Call:            Dr. Pasha – aye; Dr. Gurrola – aye; Chair Barry –aye; Ms. Hansen – aye; Director Pacheco – aye; Director Corrales – aye; Absent: Director Griffith</p>	<p>Forwarded to the April 8, 2022, Board of Directors meeting with a recommendation for approval</p>	<p><b>Y</b></p>
<ul style="list-style-type: none"> <li>• Chair Barry stated that this was a standard edit to the Bylaws, merely swapping out a title for a non-voting member on the administration side, following the retirement of the COO, whose replacement’s title changed to CAO</li> </ul>			
<p><b>7. PRE-AUDIT JUNE 2022 &amp; YTD FY2023 FINANCIAL STATISTICS</b></p>	<p><i>Information only</i></p>	<p>Forwarded to the April 8, 2022, Board of Directors meeting as information</p>	<p><b>N</b></p>
<ul style="list-style-type: none"> <li>• Since the statistics had not been delivered in a fashion to give the Committee time to review them, Mr. King requested and received Chair Barry’s permission to merely point out one or two highlights within the statistics (<i>Attachment 1</i>), then said he could address both the financial statements and statistics at the same time at the next meeting</li> <li>• CASH (<i>SLIDE 32</i>)           <ul style="list-style-type: none"> <li>○ Collections of cash by month, with the most recent at the top</li> <li>○ Mr. King pointed out that cash collections earlier in the fiscal year weren’t as strong as he would have liked, but there were a couple of good months especially later in the year, with collections from March to June being the highest in the year, exceeding target in each of those months               <ul style="list-style-type: none"> <li>– This was a trend of which Management was proud, as well as one that needed to continue, as it had a bearing on some of the other things to be discussed at the next meeting</li> </ul> </li> </ul> </li> </ul>			



**BOARD FINANCE COMMITTEE –MEETING MINUTES – WEDNESDAY, JULY 27, 2022**

• AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL ?
• DISCUSSION			
<b>8. RESOLUTION NO. 08.08.22(03)-19 OF THE BOARD OF DIRECTORS OF PALOMAR HEALTH AUTHORIZING THE UNDERTAKING OF A FINANCING IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$280,000,000</b>	<b>MOTION:</b> By Director Corrales, seconded by Director Pacheco, and carried to approve Resolution No. 08.08.22(03)-19 of the Board of Directors of Palomar Health Authorizing the Undertaking of a Financing in an Aggregate Principal Amount Not to Exceed \$280,000,000 Vote taken by Roll Call: Dr. Pasha – aye; Chair Barry –aye; Ms. Hansen – aye; Director Pacheco – aye; Director Corrales – aye; Dr. Gurrola – aye; Absent: Director Griffith	Forwarded to the April 8, 2022, Board of Directors meeting with a recommendation for approval	<b>Y</b>
<ul style="list-style-type: none"> <li>• Chair Barry read the title of the resolution and commented that in our current inflationary period of time, it would be easier to refund current bonds and use the opportunity to pay off the variable rate 2006 bonds, which would also extricate the District from a bond swap situation, and basically refund some of our bonds to enable the build out of the 9<sup>th</sup> &amp; 10<sup>th</sup> floors to create more hospital rooms</li> <li>• Mr. King stated that he couldn't cannot improve on Chair Barry's explanation, but he could provide some added "color"                         <ul style="list-style-type: none"> <li>○ The series of 2006 adjustable rate bonds were revenue bonds, not GO, and there was \$130M outstanding on those bonds</li> <li>○ The bonds were issued at a variable rate, which can be compared to a variable rate mortgage, with the interest rate going up and down with the marketplace</li> <li>○ The Fed raised the federal funds rate by 75 basis points last time, and he expected it to be raised 9 to 10 additional points before the end of the year, and those rate hikes would cause the bonds to bear a higher interest rate</li> <li>○ While awaiting a representative from the District's underwriters, Citigroup (Citi), to dial in, Mr. King stated that Citi would be providing information on why they thought it would be a good thing to refund and do away with the swap, which was basically that the debt could be paid off, the swaps could be paid off, and the transaction would provide roughly \$100M for new construction (e.g., the completion of the shelled out space on the 10<sup>th</sup> &amp; 11<sup>th</sup> floors at PMCE; the remodel of the ER at PMCP; some purchases for needed equipment; and a few other remodeling/build-out projects with lesser dollar costs than the two major projects)</li> <li>○ Mr. King further noted that if the bonds could be issued in November, it would take roughly 18 months to 2 years to make the space available for use                                 <ul style="list-style-type: none"> <li>– With all the activities and growth in programs that are underway, the beds will be needed</li> </ul> </li> <li>○ This would not be a final request for approval by this Committee or by the Board, it was simply a notification that Management intended to move forward with the financing, and the Board's authorization to proceed will be needed                                 <ul style="list-style-type: none"> <li>– A final approval resolution will be presented when the plan of finance has been completed, and that information will come back to this Committee to approve and recommend approval to the Board</li> </ul> </li> </ul> </li> <li>• Director Corrales commented that the plan made sense her, because in your personal finances you would never want a variable rate on anything, and Management having been planning for and discussing this option for a while was a good idea</li> </ul>			

BOARD FINANCE COMMITTEE –MEETING MINUTES – WEDNESDAY, JULY 27, 2022

• AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL ?
• DISCUSSION			
<ul style="list-style-type: none"> <li>• Amy Yang, a Director with Citi, joined the meeting and provided further insights               <ul style="list-style-type: none"> <li>○ This was a volatile time in the markets, and the Citi team saw it as a confluence of positive things in the District’s favor, namely the operational and financial trajectory that put the District in a position of strength to approach the market, wherein we could still achieve a very attractive cost of capital right now                   <ul style="list-style-type: none"> <li>– Based on the current market, it would be about a 5% cost of capital and, in conjunction with that, the swap valuation had also been improving, with one of the benefits of rising rates being that the valuation was going down and was currently at something close to the lowest levels seen in years, waffling around \$9-\$11M from heights of \$40M, which was to the detriment of the District</li> <li>– Mr. King added that the debt was 2-tiered, and it was a variable rate debt; however, instead of like a mortgage – which resets once or twice a year – these bonds were resetting every 7 days</li> </ul> </li> </ul> </li> <li>• While waiting for the slide presentation to be loaded, Ms. Yang introduced Ellen Riley, a Vice President at Kaufman Hall, whose group has been the financial advisors to the District for over 20 years, providing assistance with financial planning and helping to put the bond issues together               <ul style="list-style-type: none"> <li>○ Ms. Riley thanked her and noted that she would be joined in a few minutes by her colleague, Saba Noorali, also a Vice President at Kaufman Hall</li> </ul> </li> <li>• Ms. Yang then reviewed the presentation (<i>Attachment 2</i>):               <ul style="list-style-type: none"> <li>○ PRICING LEVELS (<i>SLIDE 3</i>) – Despite the fact that rates have been rising, the District could still achieve about a 5% all-in cost of capital on long-term tax-exempt bonds                   <ul style="list-style-type: none"> <li>– The current bond insurer, Assured Guaranty, has been a good partner over the years, and has provided waivers and additional insurance when requested; however, insured vs. noninsured bonds has been a constant evaluation point, and the team wanted to ensure that having insurance continued to remain to the District’s benefit                       <ul style="list-style-type: none"> <li>▪ In response to an inquiry by Director Corrales, Ms. Hansen stated that the 2006 bonds were insured through Assured; however, if the bonds were to be refunded into a fixed rate debt model, there would be an opportunity to eliminate the insurance completely, and there might also be an opportunity to keep Assured engaged as a potential benefit to the District in the future</li> </ul> </li> </ul> </li> <li>○ SWAP VALUATION IMPROVEMENT (<i>SLIDE 4</i>) – One of the good benefits of rates rising was that the value of the swap termination improved as rates rose                   <ul style="list-style-type: none"> <li>– As the blue line moved back toward zero, it meant an improvement for the District, and it was currently at \$11.7M, which still represented a cost, but was down from the worst value of \$44.3M</li> <li>– In response to an inquiry regarding what it would cost to terminate the swap, Ms. Yang stated that because the swap was still integrated with the original bonds—meaning it hadn’t been touched since the original issuance in 2006—the termination value could be funded with the bond money issuance                       <ul style="list-style-type: none"> <li>▪ Ms. Hansen also noted that when the swap was at its highest, it was at a point where it didn’t make sense to get out because of the costs; however, now it was at the lowest point it had ever been, which helped to make this a good time to exit</li> <li>▪ Mr. King also noted that the main reason for the swap originally was the variable rate debt, but if we were to exit the variable rate debt, there would then be no reason for the swap</li> </ul> </li> </ul> </li> </ul> </li> </ul>			

BOARD FINANCE COMMITTEE –MEETING MINUTES – WEDNESDAY, JULY 27, 2022

• AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL ?
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• DISCUSSION

- MONITORING COST AND A RATE SENSITIVITY ANALYSIS (SLIDE 5) – Ms. Yang has been working steadily with both the Palomar and Kaufman Hall teams to provide an analysis of current rates (*the peach column*) and then adding 10 basis points (or 1%) on top of current rates to determine rate sensitivity
  - The benefit before the swap valuation improved a little (*blue rows in the table on the right*), from \$11.7M to \$6.8M
  - Ms. Yang also pointed out the short-term cash benefit of \$23,537M, circled in green at the bottom of the larger table
  - There was also a structural benefit to be achieved by combining the refunding with new money needs under a structure, where the principal would be pushed out, carving out a window of cash flow relief in the amount of \$23.5M
    - Ms. Yang welcomed her colleague, Chad Kenan, also a Director at Citi, who commented that one of the benefits that the cash flow window provided was that it was only available when doing a refunding in combination with new money
    - Mr. King noted that—in a time where there have been challenges with our IGT funding and the delays involved in getting those funds—getting the relief window was valuable during this timeframe, and just emphasized that there were multiple layers of benefits in going through this financing at this particular time
    - Mr. King also noted that one of the things expected to happen was that the additional proceeds were going to be used to build out the floors, and which would become revenue-generating assets; and Mr. Kenan commented that fact would be a great point for investors and the rating agencies who had been along the District’s journey from day one, as having an actual revenue-generating investment would be viewed favorably in the marketplace
- IMPACT OF THE NEW MONEY (SLIDE 6) – Ms. Yang stated that there would be \$100M in new money, and the key ratios for the credit profile were the Maximum Annual Debt Service (MADS) coverage, which is based on EBIDA
  - At either level, the ratios were still above where they were a year ago, which provided a solid argument to be made to the rating agencies
  - Ms. Riley added that the MADS ratio measured how many times income from operations and the bottom-bottom line could cover debt service, so the higher the ratio the better
  - Ms. Yang also noted the Debt to Capitalization and Cash to Debt ratios were also things to be mindful of, but the MADS was the most important
- NEXT STEPS (SLIDE 7) – Ms. Yang stated that—among other things—the team would continue to plug along to evaluate the benefits of insurance and confirm whether the District would capitalize interest
- Ms. Hansen thanked Ms. Yang and the rest of the team for the great work
- Mr. King stated that with the Board’s approval to move forward, there would probably be two more resolutions forthcoming
  - One next month that would authorize moving forward with certain projects using operating funds, with the intention that those funds would be reimbursed by the trustee via proceeds from the bonds
  - The second would be for formal Board approval of the financial plan and authorization to finalize and have Management sign the bonds
- Mr. King also commented that if the bonds were to be issued in late October/early November, with the interest rate hikes, he didn’t think he’d ever completed a financing where the timing was more in line with needs

**BOARD FINANCE COMMITTEE –MEETING MINUTES – WEDNESDAY, JULY 27, 2022**

● AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL ?
● DISCUSSION			
<ul style="list-style-type: none"> <li>● Ms. Hansen said she had also asked the team to be available at the August Board meeting, which was why she ensured it was on today’s agenda so that it could be appropriately vetted through the Finance Committee before going forward for formal Board approval                             <ul style="list-style-type: none"> <li>○ This was a 5-month effort being crammed into a short period of time, and there was also another timing benefit, as the audit would be finalized before the bonds are issued                                     <ul style="list-style-type: none"> <li>– Audited financial statements would be needed before the bonds could be issued, and that would prevent the necessity of having to request the auditors to perform a short-term audit</li> </ul> </li> </ul> </li> <li>● CNE Mel Russell stated that this topic was very exciting</li> <li>● Director Corrales stated that it was a win-win situation, as we were going to be getting more beds so would be making money at the same time as issuing the bonds</li> <li>● Director Pacheco inquired about the downside to the bond issue, of which he understood from conversations with Management there was very little; however, he wanted to have that information in hand should a question arise from one of his constituents about the District taking on new debt                             <ul style="list-style-type: none"> <li>○ Ms. Hansen stated that in her conversations with Director Pacheco, the downside that she saw was that it would cost something to get out of the bonds and the swap, as there was a cost to completing the transaction; however, the benefit outweighed that cost, and there would probably never be a cheaper time for the District to act</li> <li>○ Ms. Hansen had also just been notified that the Fed had raised rates again, by 0.75, which she had expected to happen; and, as the rates continued to go up, the costs to get out of the swap decreased</li> <li>○ Director Barry also commented that there was a cost to staying in the current situation</li> <li>○ Mr. Kenan stated that another side of the cost of getting out of the swap was that it also allowed the opportunity to restructure the underlying bonds, creating the \$23M cash window</li> </ul> </li> </ul>			

**ADJOURNMENT** Following a motion by Director Corrales, the meeting was adjourned by Chair Barry at 2:28 p.m.

<b>SIGNATURES:</b>	<b>COMMITTEE CHAIR</b>	LAURA BARRY
	<b>COMMITTEE ASSISTANT</b>	TANYA HOWELL

July 27<sup>th</sup>, 2022

# ATTACHMENT I

## Capital Markets Update and Opportunity Analysis



# Palomar Has the Opportunity to Enter the Market from a Position of Strength

Given Palomar's impressive financial and operational trajectory and expansion plans, now is an opportune time to enter the market to de-risk the debt portfolio and lock-in low-cost funding.

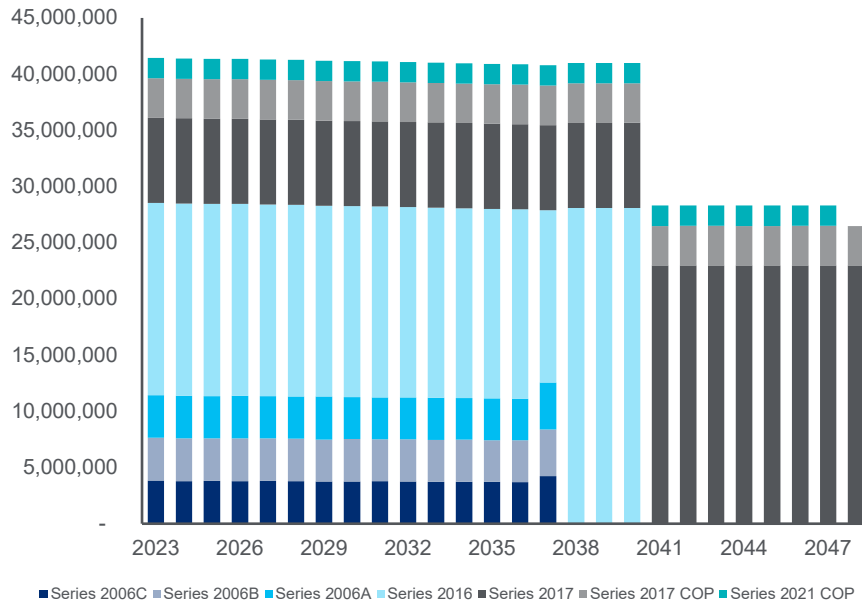
- MMD yields remain relatively low from a historical context despite increased volatility and weakening alongside treasuries throughout 2022 year-to-date
- The Federal Reserve hiked rates by 0.75% in the June meeting, representing the largest rate hike since 1994. At the June meeting they noted expectations for the Fed Funds rate to close 2022 at 3.4% (vs. the March Projection of 1.9%), rising to 3.8% in 2023 (vs. the March Projection of 2.8%)
- In recent weeks, the Treasury rate curve has risen and at times been inverted, while the tax-exempt MMD Index has come down slightly. Many economists are now forecasting a mild recession in 2023, not in 2022.
- Simultaneously, Palomar has achieved significant operational performance improvement, with EBIDA margin reaching 15% in December 2021, and has several projects planned to meet growing needs, including construction on the 10<sup>th</sup> and 11<sup>th</sup> floors of Palomar Medical Center Escondido, replacement of the cardiac catheterization laboratories at Palomar Medical Center Escondido, remodeling of the Palomar Medical Center Poway emergency room, and acquisition of other equipment (the "New Money Project")
  - Cost of these projects could be north of \$150 million in the next 5 years
- Faced with ongoing expense pressures combined with facility reinvestment needs, many systems like Palomar are evaluating bond issues to finance a combination of new money needs and refunding/restructuring opportunities to create additional cashflow, de-risk the debt portfolios, and manage increased interest expense
  - Financing long-life projects like Palomar's parking garage and hospital floors together with a refunding of Palomar's 2006 bonds enables the financing team to restructure the System's debt service much more favorably for both short-term relief and long-term flexibility

# Palomar Health's Debt is 2-Tiered, with Swapped ARS Lingerin in the Portfolio

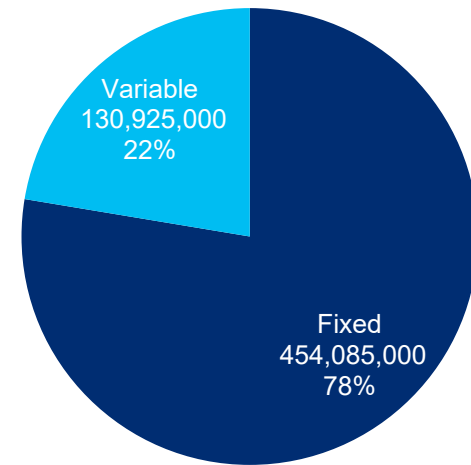
## Palomar Health Debt Profile

Series	Amount Outstanding	Average Coupon	Average Life	Underlying Structure	Tax Status	Credit Enhancement	Expiration	Call Date	Call Premium	Final Term
Series 2021 COP	28,715,000	5.00%	5.3	Fixed	Tax-Exempt	None	N/A	11/1/2026	100%	11/1/2027
Series 2017 COP	56,060,000	4.29%	15.2	Fixed	Tax-Exempt	None	N/A	11/1/2027	100%	11/1/2047
Series 2017	151,460,000	5.00%	22.0	Fixed	Tax-Exempt	Insured	N/A	11/1/2027	100%	11/1/2047
Series 2016	217,850,000	4.91%	11.1	Fixed	Tax-Exempt	None	N/A	11/1/2026	100%	11/1/2039
Series 2006A	43,600,000	3.71%	8.0	7 Day ARS	Tax-Exempt	Insured	N/A	Any IPD	100%	11/1/2036
Series 2006B	43,700,000	3.71%	8.0	7 Day ARS	Tax-Exempt	Insured	N/A	Any IPD	100%	11/1/2036
Series 2006C	43,625,000	3.71%	8.0	7 Day ARS	Tax-Exempt	Insured	N/A	Any IPD	100%	11/1/2036
<b>TOTAL DEBT</b>	<b>\$ 585,010,000</b>	<b>4.61%</b>	<b>13.3</b>							

### Debt Service Landscape



### Underlying Product Mix



**MADS: \$ 41,383,208**

For illustration purposes only. Preliminary and subject to change. Outstanding amounts as of June 14, 2022. Assumes Series 2021 bonds are smoothed to create level debt service over 25 years at 30 year Bond Buyer RBI as of 7/18/2022 of 3.62%. Excludes swap cash flows. Excludes GO bonds, capital lease obligations, bank loans, mortgage obligations, and lines of credit.

# Pricing Levels Remain Attractive for Palomar

While interest rates and spreads have risen YTD 2022, Palomar could still achieve an attractive ~5% all-in cost of capital on long-term tax-exempt bonds

Indicative Tax-Exempt Fixed Rates for Palomar as of July 18, 2022									
Maturity	Municipal Market Data Index	Uninsured				Insured			
		Coupon	Yield to Call	Yield to Maturity	Spread	Coupon	Yield to Call	Yield to Maturity	Spread
2023	1.53%	5.00%	2.53%	2.53%	1.00%	5.00%	2.28%	2.28%	0.75%
2024	1.74%	5.00%	2.79%	2.79%	1.05%	5.00%	2.54%	2.54%	0.80%
2025	1.84%	5.00%	2.94%	2.94%	1.10%	5.00%	2.69%	2.69%	0.85%
2026	1.94%	5.00%	3.09%	3.09%	1.15%	5.00%	2.84%	2.84%	0.90%
2027	2.03%	5.00%	3.23%	3.23%	1.20%	5.00%	2.98%	2.98%	0.95%
2028	2.17%	5.00%	3.42%	3.42%	1.25%	5.00%	3.17%	3.17%	1.00%
2029	2.27%	5.00%	3.57%	3.57%	1.30%	5.00%	3.32%	3.32%	1.05%
2030	2.32%	5.00%	3.67%	3.67%	1.35%	5.00%	3.42%	3.42%	1.10%
2031	2.41%	5.00%	3.81%	3.81%	1.40%	5.00%	3.56%	3.56%	1.15%
2032	2.45%	5.00%	3.90%	3.90%	1.45%	5.00%	3.65%	3.65%	1.20%
2033	2.54%	5.00%	4.04%	4.11%	1.50%	5.00%	3.79%	3.88%	1.25%
2034	2.60%	5.00%	4.15%	4.26%	1.55%	5.00%	3.90%	4.04%	1.30%
2035	2.65%	5.00%	4.25%	4.38%	1.60%	5.00%	4.00%	4.18%	1.35%
2036	2.66%	5.00%	4.31%	4.46%	1.65%	5.00%	4.06%	4.27%	1.40%
2037	2.68%	5.00%	4.38%	4.54%	1.70%	5.00%	4.13%	4.35%	1.45%
2042	2.84%	5.25%	4.59%	4.84%	1.75%	5.00%	4.34%	4.59%	1.50%
2047	2.93%	5.25%	4.68%	4.93%	1.75%	5.00%	4.43%	4.69%	1.50%
2052	2.98%	5.25%	4.73%	4.98%	1.75%	5.00%	4.48%	4.74%	1.50%

- Citi and Kaufman Hall will continue to evaluate the benefit of insurance to Palomar in terms of all-in costs and investor demand
- At left you can see the 0.25% estimated current spread between uninsured and insured yields, and a 5% vs. 5.25% coupon in 20 to 30 years
- Insurance will require payment of an upfront insurance premium of approximately \$9-\$10M, but will enable a release of prior DSRF moneys, contrasted against an uninsured issuance which will require a DSRF deposit.
- Put bonds (pricing illustrated at below left) could be an alternative short/medium-term instrument if long-term rates rise beyond palatable thresholds between now and October.

Mandatory Hard Put Bonds	Premium Put Bond					
			Uninsured		Insured	
	Term	Coupon	Spread	Yield	Spread	Yield
	3	5.00%	1.22%	3.06%	0.97%	2.81%
	5	5.00%	1.38%	3.41%	1.13%	3.16%
	7	5.00%	1.52%	3.79%	1.27%	3.54%



# Palomar's Swap Valuation Has Improved

Swap valuation is driven by changes in the level of swap rates - as rates go down, the swap valuation becomes more of a liability to Palomar and vice versa. Swap valuation has improved as interest rates have increased this year. Swap valuation is currently near the lowest liability amount it has been since 2011.

## Historical Swap Valuation (in \$Mil.)<sup>1</sup>



25

Rates as of COB 06/17/22. Subject to market conditions. For illustration purposes only. Actual results will depend on future market conditions and may differ. Past performance may not indicate future results.

<sup>1</sup> Historical swap valuation assumes PH's entire fixed payer swap portfolio with Citibank (3 transactions). Swap valuation shown in \$Millions. Positive swap valuation = Asset to PH; negative swap valuation = Liability to PH.

# We are Carefully Monitoring Cost and a Rate Sensitivity Analysis

A wrap structure provides Palomar with upfront cash flow of approximately \$23.5 million in cash flow savings and allows Palomar to finance \$100 million in new money project needs at an All-In True Interest Cost (TIC) below 5%. A rate sensitivity is also shown in the table below, illustrating a 100bps increase in rates. The negative impact of the rise in rates is somewhat mitigated by a decrease in the swap termination payment (below right).

Financing Comparison		
New Money & Refunding Structure	Wrap	
Enhancement	Insured	
Rates	Current Rates	Rate Sensitivity +100bps
<b>Financing Overview</b>		
Par Amount	\$245,925	\$258,085
Premium (Discount)	\$15,072	\$2,203
Project Fund Deposit	\$100,000	\$100,000
Capitalized Interest	\$16,256	\$18,828
DSRF Deposit (Release)	(\$3,037)	(\$2,437)
Insurance Premium	\$9,203	\$10,128
<b>Financing Statistics</b>		
All-In True Interest Cost (TIC)	4.89%	5.74%
Arbitrage Yield	4.79%	5.65%
Average Coupon	5.00%	5.42%
Average Life (years)	21.6	21.8
Total Debt Service	\$511,257	\$562,658
PV01 Refunding	\$101	\$101
Sw ap DV01	(\$52)	(\$52)
<b>Refunding Savings - PV at 5.0%</b>		
Total Net PV Savings	(\$10,761)	(\$17,466)
Percentage Savings of Refunded Bonds	-8.7%	-14.1%
<b>Post Financing Debt Profile</b>		
Aggregate MADS (Current: \$41,383)	\$48,815	\$50,380
Average Aggregate Annual Debt Service	\$42,079	\$43,737
2023 - 2027 Refunding Savings	\$23,537	\$21,656

	Taxable Movement	Implied 7yr LIBOR	Estimated Termination
	3.00%	5.91%	\$2,520,000
	2.50%	5.41%	\$321,000
	2.00%	4.91%	(\$1,965,000)
	1.50%	4.41%	(\$4,342,000)
<b>Sensitivity</b>	1.00%	3.91%	(\$6,813,000)
	0.50%	3.41%	(\$9,382,000)
<b>Current</b>	0.00%	2.91%	(\$11,742,000)
	-0.50%	2.41%	(\$14,837,000)
	-1.00%	1.91%	(\$17,732,000)
	-1.50%	1.41%	(\$20,746,000)
	-2.00%	0.91%	(\$23,883,000)

PV01 Refunding = how much the value of the bonds (or the escrow) would be changed by a basis point change in the yield.

Swap DV01 = termination payment changes by approximately \$52k for every 0.01% parallel shift in taxable yield curve up to +100bps under current market conditions.

Preliminary and subject to change. For illustration purposes only.

Rates as of 7/18/22. Series 2006 bond rate assumption (4.47%) includes historical average basis risk cost of 99bps (see page 15). Rate Sensitivity scenario assumes Term bond coupons increase to 5.50%. Delivery date of 11/1/22. Swap termination payment of \$11.7 Million priced to an assumed forward delivery date of 11/1/22. Insured refundings assume a DSRF. Insured new money assumes no DSRF.

5 Current calculated MADS is \$41,383,208 based on smoothing of the Series 2021 over 25 years at 30 year Bond Buyer RBI as of 7/18/2022 of 3.62%.

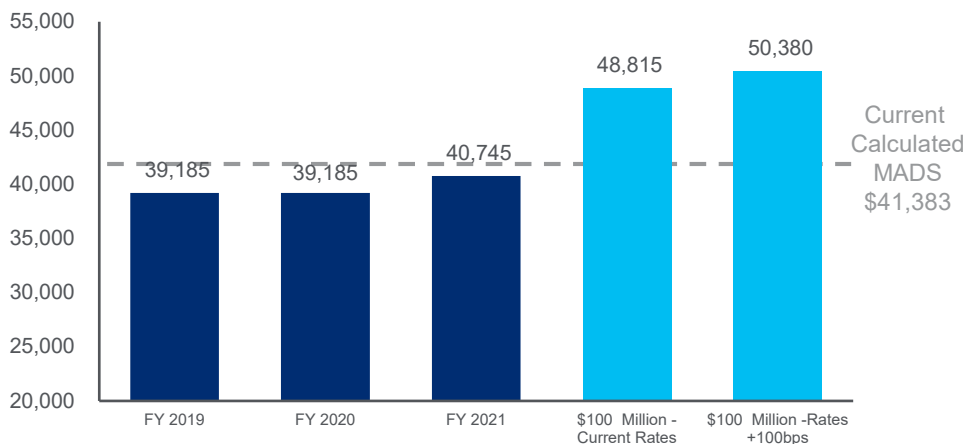
26

# The Impact of \$100M New Money on Palomar's Credit Metrics is Manageable

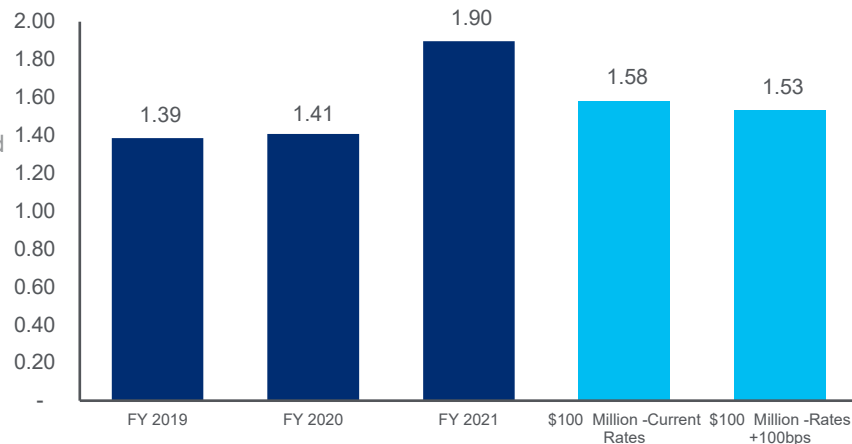
The charts below show the moderate impact that \$100MM of new money would have on key credit metrics for Palomar, and the differences between financing at current rates vs. a scenario where rates rise by 1.00%. The key MADS coverage metric remains above FY2020 levels in both scenarios.

(\$ in thousands)

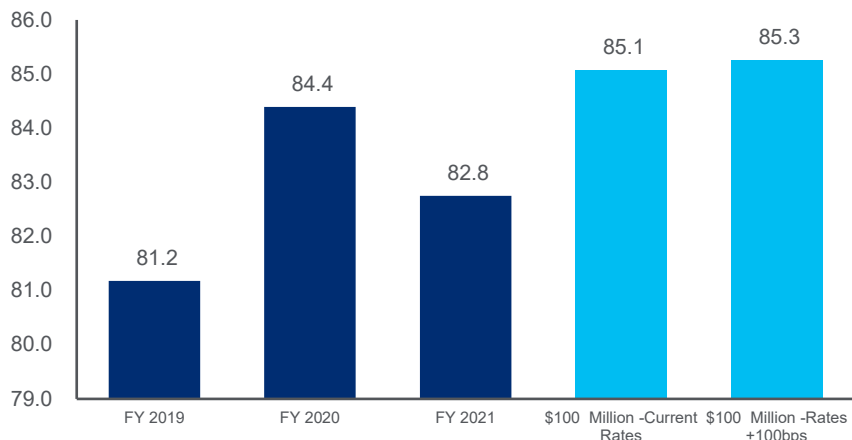
### Maximum Annual Debt Service (MADS)



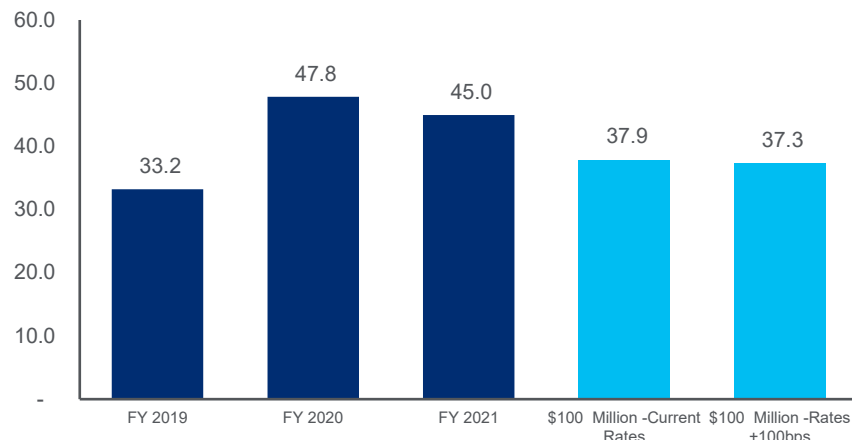
### MADS Coverage - EBITDA (x)



### Debt to Capitalization (%)



### Cash to Debt (%)



Preliminary and subject to change. For illustration purposes only. Series 2006 bond rate assumption (4.47%) includes historical average basis risk cost of 99bps (see page 15). Delivery date of 11/1/22. Swap termination payment of \$11.7 Million priced to an assumed forward delivery date of 11/1/22. Refunding assume a DSRF. New money assumes no DSRF. Unrealized gain/loss and property tax revenue – restricted are excluded from non operating gains/losses. Debt to Cap is using total net position.

6 FY 2021 MADS = Reported in financials, Current calculated MADS is \$41,383,208 based on smoothing of the Series 2021 over 25 years at 30 year Bond Buyer RBI as of 7/18/2022 of 3.62%.

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# Next Steps to Prepare to Come to Market

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- Palomar with the working group will look to finalize the plan of finance and position the System optimally in the coming months
- This will entail:
  - Evaluating the benefits and considerations of bond insurance
  - Confirming if the System will capitalize interest
  - Preparing all necessary documentation to terminate the swap
  - Conduct update sessions with the rating agency analysts, emphasizing the value of the projects and de-risking strategy
  - Obtain necessary approvals
  - Complete tax diligence on the contemplated projects
  - Update the bond and offering documents to describe Palomar's improved financial and operating position and maximize flexibility for the System going forward
  - Construct a comprehensive marketing plan and pricing schedule for Palomar management
- Once these items are refined and confirmed, our team will move expeditiously to discuss refinements with the Board and Finance Committee and ask for approvals

# Preliminary Timeline Funds Palomar's Needs by Mid-November

Month	Events
July	<ul style="list-style-type: none"> <li>• Kick-off working group call</li> <li>• Refine plan of finance and possible enhancements</li> <li>• Schedule rating agency calls</li> <li>• <i>FOMC Meeting (July 26-27)</i></li> <li>• Financing Board Meeting (July 27<sup>th</sup>)</li> </ul>
August	<ul style="list-style-type: none"> <li>• Begin drafting Appendix A</li> <li>• Begin drafting bond and offering documents</li> <li>• Distribute draft documents</li> <li>• Distribute due diligence questionnaire</li> <li>• Financing Board Meeting (August 24<sup>th</sup>)</li> </ul>
September	<ul style="list-style-type: none"> <li>• Finalize plan of finance</li> <li>• Begin drafting redemption notice</li> <li>• Hold rating agency calls</li> <li>• Hold due diligence Calls</li> <li>• <i>FOMC Meeting (September 20-21)</i></li> </ul>
October	<ul style="list-style-type: none"> <li>• Audit committee approval</li> <li>• Mail POS</li> <li>• Investor presentation &amp; hold 1 on 1 meetings</li> <li>• Pricing / execute BPA</li> <li>• Mail OS / finalize documents</li> <li>• Financing Board Meeting (October 26<sup>th</sup>)</li> </ul>
November	<ul style="list-style-type: none"> <li>• <i>FOMC Meeting (November 1-2)</i></li> <li>• Pre-Closing</li> <li>• Closing</li> <li>• Financials go stale November 13th</li> </ul>

# Appendix

# Our Plan of Finance Accomplishes Multiple Goals for Palomar

Our approach starts with and always maintains focus on Palomar's near-term and long-term strategic and capital structure goals and objectives. We are currently prioritizing 3 main goals, as outlined below.

## Funding New Money Needs



- Despite the fact that interest rates and spreads have risen significantly since last Fall, Palomar can still access an attractive cost of capital of approximately 5% in today's environment
- Funding new money needs in conjunction with a refinancing of prior debt (see below) also allows Palomar to restructure prior debt for some upfront cash flow relief
- The new money projects should be accretive to the organization, producing additional revenue and net income. This positive impact is not reflected in the following analysis but will be a key point that will be emphasized with the rating agencies.

## Capturing Savings and/or Free up Cashflow



- Financing new money needs with public debt blended with a refunding of Palomar's 2006 auction rate bonds would confer multiple benefits to the System, including:
  - Potential to carve a "window" of cash flow relief by pushing out principal and freeing up ~**\$29 million** of principal payments (~\$23.5 million in debt service) over the next 5 years
  - Ability to "wrap" debt service in later years sets the foundation for lower maximum annual debt service after the next bond issue in 2026 or beyond

## Eliminating the Swap



- Palomar's swap is integrated with the 2006 Bonds; therefore, a swap termination payment can be financed with tax-exempt bond proceeds
  - Eliminating the swap eliminates the mark to market exposure, ongoing basis risk<sup>1</sup> and counterparty exposure to collateral posting
    - Basis risk<sup>1</sup> has averaged -99 basis points since inception
    - Current basis risk<sup>1</sup> is near the low, at -26 bps (contrasted against the worst point, of -1,390 bps)
    - The swap valuation, or "mark-to-market" (MTM) has also come down as rates have risen, currently at -\$11.7 Million

Preliminary and subject to change. For illustration purposes only. Swap Termination value as of COB 07/18/2022 assuming refunding delivery date of 11/01/2022. \$29 million is the amount of principal scheduled on the 2006 Bonds through FY 2027.

<sup>1</sup> Basis Risk is the risk that the floating rate received under the swap is less than the actual rate paid on the variable rate bonds hedged by the swap, resulting in a higher interest cost and lower savings.

# Optimizing Plan of Finance Costs & Structure

## Credit Enhancements



Options	Benefits & Considerations
<b>Insured</b>	<ul style="list-style-type: none"> <li>▲ Reduces the total cost of capital (assuming the current insurance premium of 180bps)</li> <li>▲ Insured Palomar new money bonds should not require funding a new DSRF</li> <li>▲ May shield Palomar from new covenant requests from existing or prospective bondholders</li> <li>▼ Requires an approx. \$9MM upfront insurance premium payment paid from bond proceeds</li> <li>▼ May require certain insurer covenants while the bonds are outstanding</li> </ul>
<b>Uninsured</b>	<ul style="list-style-type: none"> <li>▲ Does not require an insurance premium</li> <li>▼ Will most likely require a DSRF deposit for the new money and results in a higher cost of capital for the financing</li> </ul>

## Refunding Structure



<b>Wrap</b>	<ul style="list-style-type: none"> <li>▲ Takes advantage of blending the long asset life of the new money to extend and “smooth” overall debt service, lowering MADS relative to a matched-maturity structure</li> <li>▼ Increases all-in TIC and total debt service by shifting amortizations out long</li> </ul>
<b>Matched Maturity</b>	<ul style="list-style-type: none"> <li>▲ Lower all-in TIC and total debt service by keeping the refunding bonds in the existing footprint</li> <li>▼ Increases the average annual debt service in the immediate future and results in a higher MADS relative to the wrapped structure</li> </ul>

## New Money Amount



<b>\$50 Million</b>	<ul style="list-style-type: none"> <li>▲ Will fund the baseline estimate of Escondido new 10th and 11th floor build-out costs</li> <li>▲ Lowest MADS Coverage impact (-.21x) relative to current, to 1.69x</li> </ul>
<b>\$100 Million</b>	<ul style="list-style-type: none"> <li>▲ Will fund all of Escondido and Poway contemplated projects as well as other needs</li> <li>▼ Lowers MADS Coverage by (-.11x) relative to \$50MM Scenario, to 1.58x</li> </ul>

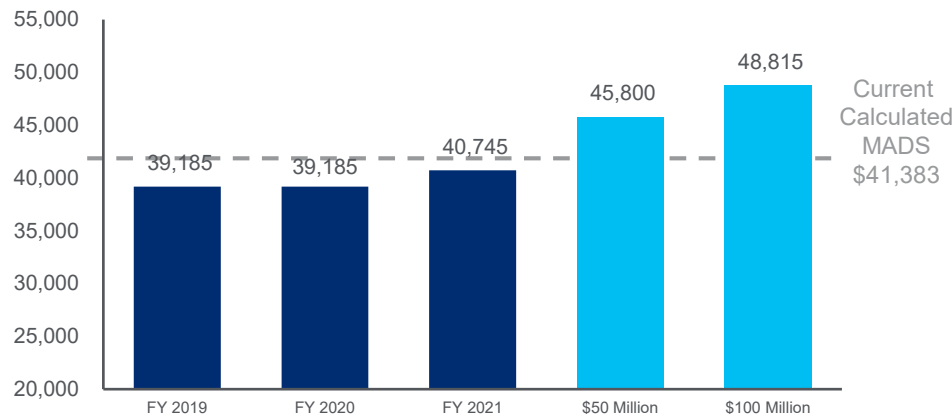


# \$50MM to \$100MM of New Money Has Marginal Ratio Impact

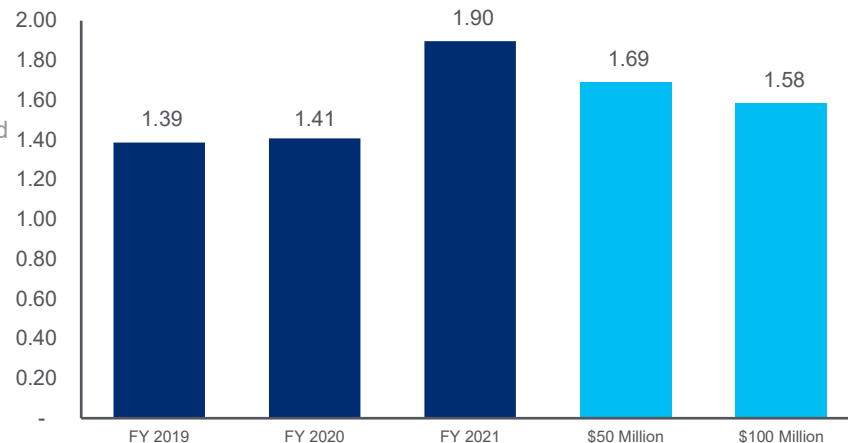
Increasing the par amount of the new money from \$50mm to \$100mm marginally increases MADS and leverage metrics for Palomar – but even at \$100MM of new money, MADS coverage is more favorable for Palomar than in FY2020, due to Palomar’s operational and financial trajectory.

(\$ in thousands)

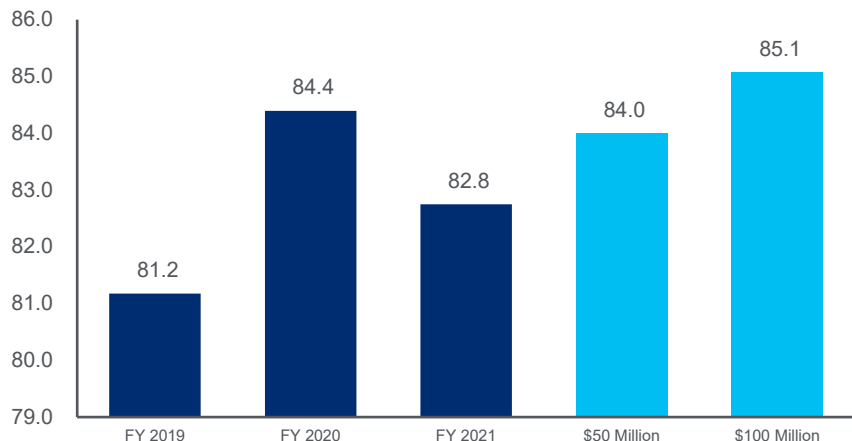
### Maximum Annual Debt Service (MADS)



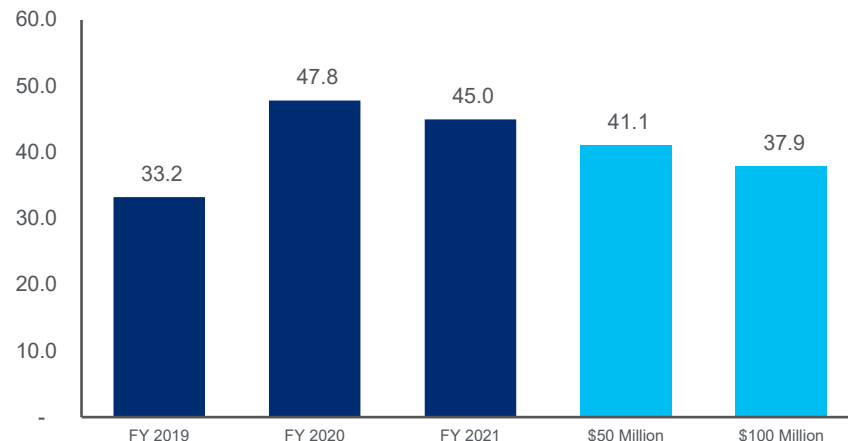
### MADS Coverage - EBITDA (x)



### Debt to Capitalization (%)



### Cash to Debt (%)

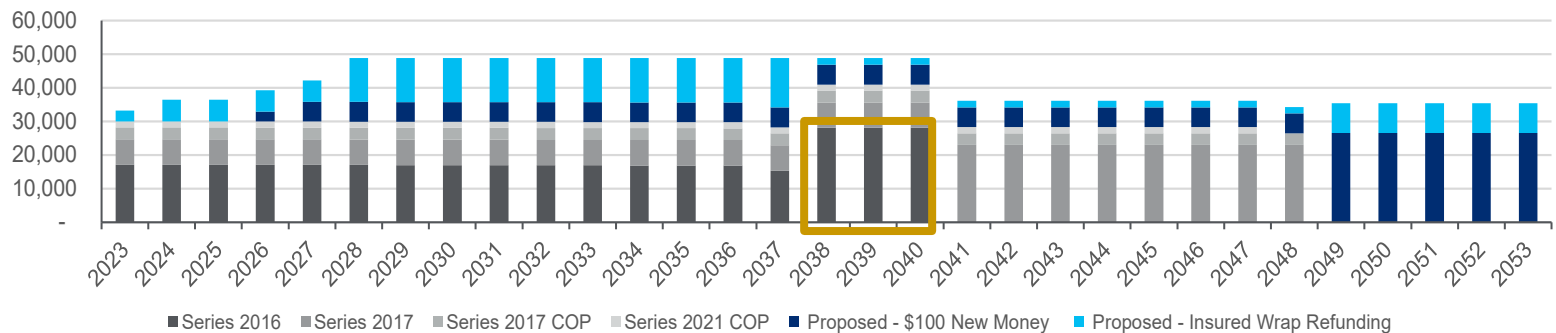


Preliminary and subject to change. For illustration purposes only. Rates as of 7/18/22. Series 2006 bond rate assumption (4.47%) includes historical average basis risk cost of 99bps (see page 15). Delivery date of 11/1/22. Swap termination payment of \$11.7 Million priced to an assumed forward delivery date of 11/1/22. Refunding assume a DSRF. New money assumes no DSRF. Unrealized gain/loss and property tax revenue – restricted are excluded from non operating gains/losses. Debt to Cap is using total net position.

# Minimizing the Impact to Maximum Annual Debt Service (MADS)

Addressing the impact to MADS will be an important consideration for any plan of finance including new money and/or a refunding of existing debt given the existing debt service structure.

- As Palomar evaluates plan of finance options, MADS will be impacted by any new money or refunding bonds
- Current MADS is \$41.4 million occurring in 2024 with debt service remaining relatively flat through 2040
  - Debt Service drops to \$28.3MM in 2041 and remains steady through 2048
- Since MADS occurs relatively early, the only option for Palomar to reduce MADS on existing debt is by refunding bonds with amortizations in the years that MADS occurs. The Series 2006 bonds amortize prior to 2038.
- With the addition of any new debt, the limiting factor for reducing MADS is the Series 2016 bonds
  - The Series 2016 bonds refunded the Series 2009 Bonds on a matched-maturity basis ending in 2039 with no extension of the original maturity/amortizations. This has led to a tiered debt service structure that has to be structured around going forward, for any new (additional) debt.
    - Principal amortizes in large higher amounts of between \$25 to \$27.5 million from 2038 to 2040, as outlined in the gold box below. The Series 2017 bonds then placed new principal in later years 2041-2048.
- Without being able to address the Series 2016 principal amortizations until the bonds are callable in 2026, any additional debt service from either new money or a refunding will add directly to the MADS occurring from 2038 to 2040. The only way to reduce the impact of that “bump” in debt service is to place principal before and after the “bump.”



Preliminary and subject to change. For illustration purposes only.

Rates as of 7/18/22. Series 2006 bond rate assumption (4.47%) includes historical average basis risk cost of 99bps (see page 15).

Delivery date of 11/1/22. Swap termination payment of \$11.7 Million priced to an assumed forward delivery date of 11/1/22. Refundings assume a DSRF. New money assumes no DSRF.

Current calculated MADS is \$41,383,208 based on smoothing of the Series 2021 over 25 years at 30 year Bond Buyer RBI as of 7/18/2022 of 3.62%.

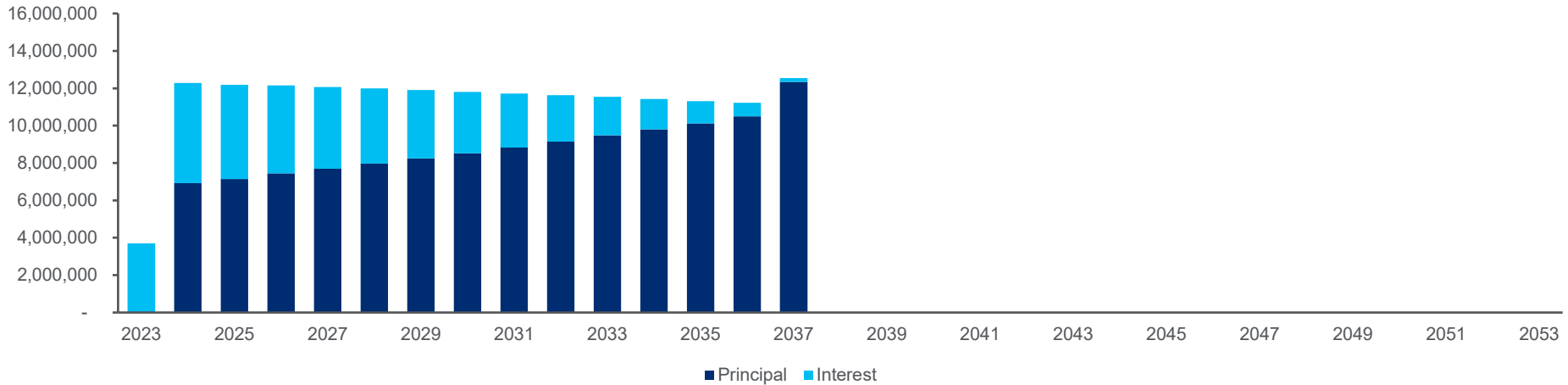
34



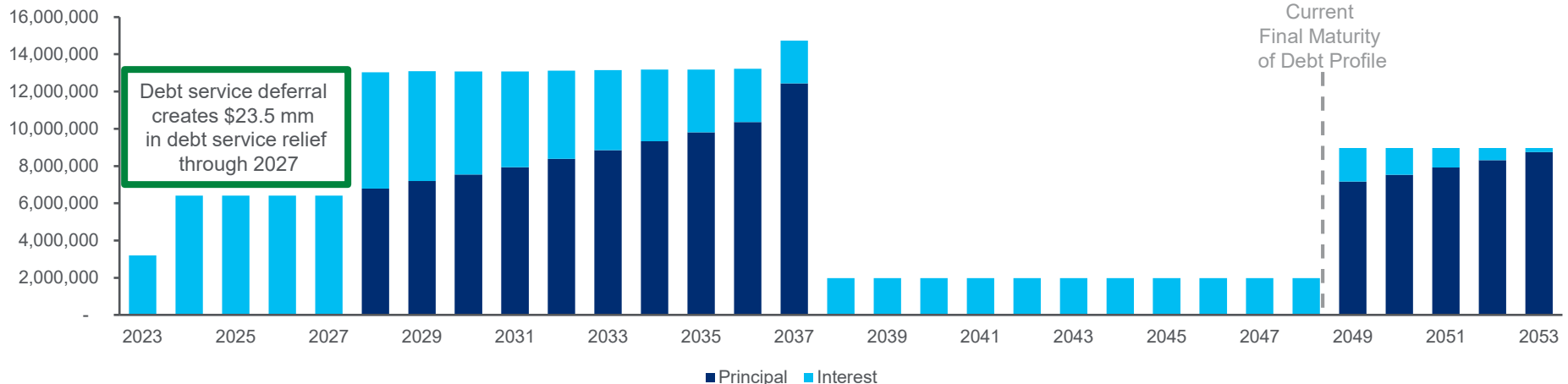
# New Money + Refunding Produces Upfront Cash Flow Relief

These charts compare debt service of the 2006 bonds vs. the refunding bonds. A wrapped “blend and extend” structure that places new principal in early (2028-2037) and then later (FY2049-2053) years, as shown below, creates upfront cashflow (debt service) savings of \$23.5MM and \$29MM in principal payment savings. This will require new projects to have asset life of >28 years.

## Current Series 2006 Debt Service



## Refunding Debt Service – Insured Wrap



Preliminary and subject to change. For illustration purposes only.

Rates as of 7/18/22. Series 2006 bond rate assumption (4.47%) includes historical average basis risk cost of 99bps (see page 15).

Delivery date of 11/1/22. Swap termination payment of \$11.7 Million priced to an assumed forward delivery date of 11/1/22. Refundings assume a DSRF. New money assumes no DSRF.

Current calculated MADS is \$41,383,208 based on smoothing of the Series 2021 over 25 years at 30 year Bond Buyer RBI as of 7/18/2022 of 3.62%.

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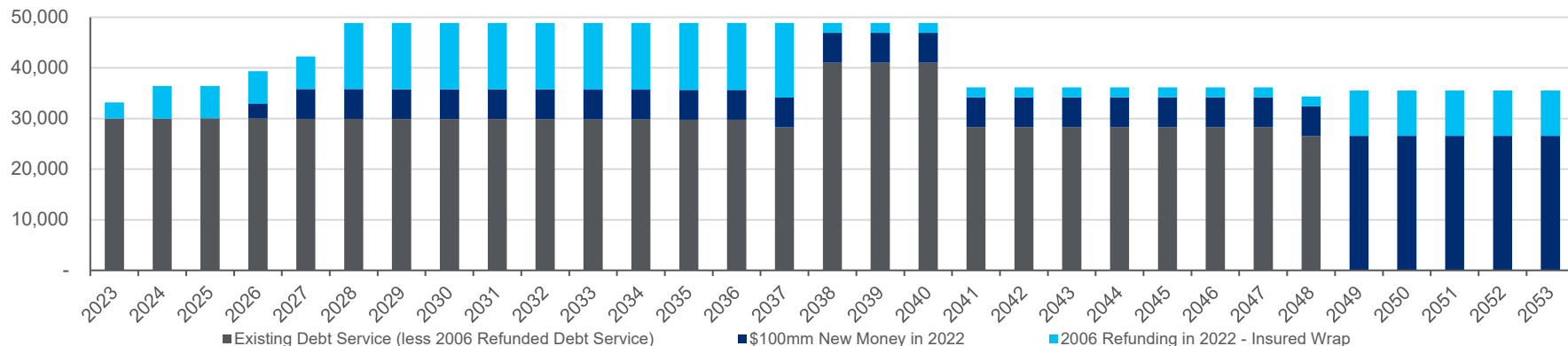


# Our Plan of Finance Lays the Foundation for Further Improvement

2026 will be the next logical entry point for Palomar to re-enter the market, when the 2016 Bonds are callable. At that time, Palomar could employ the same “blend and extend” approach to further smooth debt service and even with another \$100 million of new money have the potential to bring **down** MADS slightly from its current level, as illustrated below.

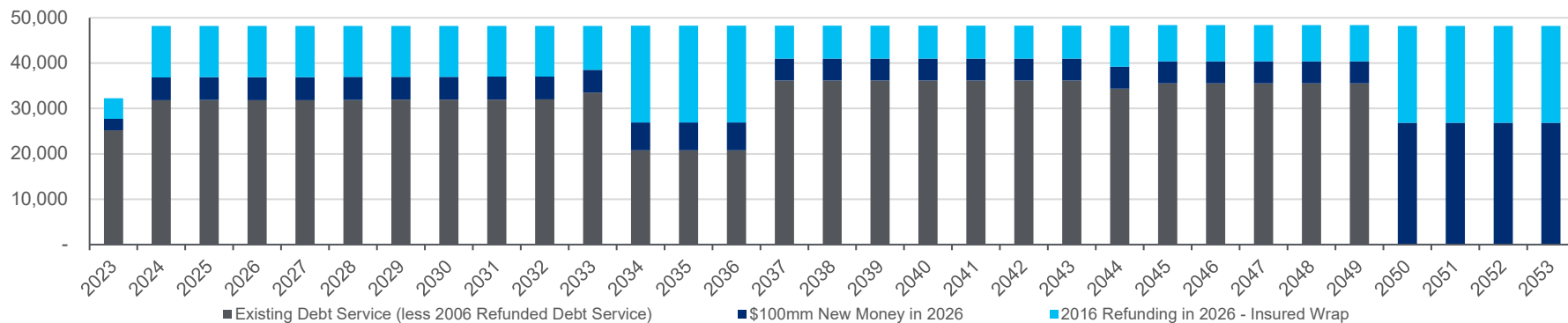
(\$ in thousands)

## Post 2022 Financing Debt Profile – Insured Wrap



Proforma 2022 MADS \$48,815

## Post 2026 Financing Debt Profile - Insured Wrap



Proforma 2026 MADS \$48,413

Preliminary and subject to change. For illustration purposes only. Rates as of 7/18/22. Series 2006 bond rate assumption (4.47%) includes historical average basis risk cost of 99bps (see page 15). Current calculated MADS is \$41,427,264 based on smoothing of the Series 2021 over 25 years at 30 year Bond Buyer RBI as of 6/17/2022 of 3.85%.

2022 Delivery date of 11/1/22. Swap termination payment of \$11.7 Million priced to an assumed forward delivery date of 11/1/22. Insured refundings assume a DSRF. Insured new money assumes no DSRF.

14 2026 issue assumes delivery on 11/1/26. Rates assume a constant yield curve (1 year rate today = 1 year rate in 2026) and asset life ~30 years. FY 2027 interest in 2026 graph is a partial year interest payment.



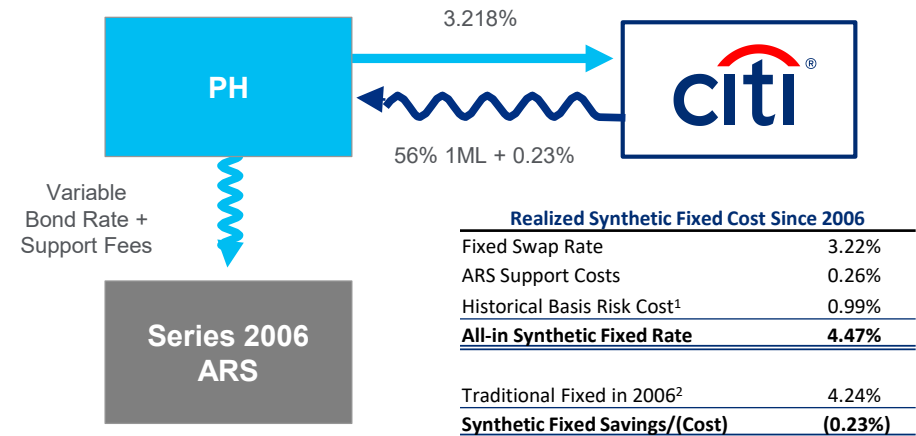
# Series 2006 Synthetic Fixed Rate Debt Overview

In 2006, PH issued \$180 Million of AGM Insured Series 2006 ARS and executed \$180 Million of AGM Insured Fixed Payer Swaps to create a synthetic fixed rate cost of funds that was expected to be below traditional fixed bond rates available to PH at execution.

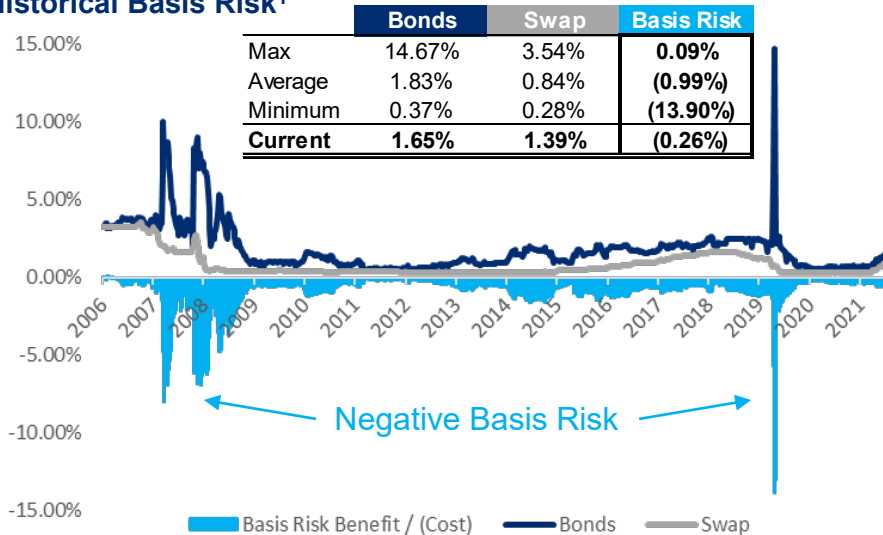
## Overview

- Synthetic fixed rates were estimated to be 0.76% below traditional fixed insured non-callable rates in November 2006
- Basis Risk between the variable paid on the auction rate bonds and the floating rate received on the swap (56% 1ML + 0.23%) impacts PH's effective all-in cost of funds on the debt structure
  - Historical basis risk has been negative 99 basis points, resulting in net negative savings of 23bps since inception
- PH is exposed to contingent collateral-posting and termination risk to the extent that AGM is downgraded below A3 / A-
  - AGM is currently rated A2 / AA by Moody's & S&P

## Synthetic Fixed Rate Structure



## Historical Basis Risk<sup>1</sup>



## Historical Synthetic Fixed Benefit/(Cost)<sup>2</sup>

Year	Expected Cash Flow Savings	Basis Risk Benefit/(Cost)	Net Savings Benefit / (Cost)
2007	\$1.37	(\$0.59)	+\$0.78
2008	\$1.35	(\$6.28)	(\$4.93)
2009	\$1.33	(\$3.89)	(\$2.56)
2010	\$1.31	(\$1.04)	+\$0.26
2011	\$1.31	(\$1.30)	+\$0.01
2012	\$1.31	(\$0.36)	+\$0.94
2013	\$1.31	(\$0.63)	+\$0.68
2014	\$1.31	(\$1.12)	+\$0.19
2015	\$1.31	(\$2.11)	(\$0.80)
2016	\$1.27	(\$1.62)	(\$0.35)
2017	\$1.23	(\$1.49)	(\$0.27)
2018	\$1.18	(\$1.09)	+\$0.09
2019	\$1.14	(\$1.28)	(\$0.14)
2020	\$1.09	(\$2.09)	(\$1.00)
2021	\$1.04	(\$0.45)	+\$0.59
2022 YTD	\$0.54	(\$0.30)	+\$0.24
<b>TOTAL</b>	<b>\$19.41</b>	<b>(\$25.65)</b>	<b>(\$6.27)</b>

Rates as of COB 07/18/2022. Subject to market conditions. For illustration purposes only. Actual results will depend on future market conditions and may differ. Past performance may not indicate future results.

<sup>1</sup> Historical Basis Risk calculated from 12/28/2006 to 06/13/2022. Assumes variable bond rate paid equals weighted average of Series 2006ABC ARS (CUSIPs 69753LAB3, 69753LAD9 and 69753LAC1). Assumes floating swap rate received equals 56% of 1-Month LIBOR + 0.23%.

<sup>2</sup> Amounts shown in \$Millions. Assumes PH's traditional fixed insured non-callable bond rate was 4.24% on 11/17/2006.

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# ADDENDUM B

# Meeting Minutes

## BOARD FINANCE COMMITTEE CALENDAR YEAR 2022



Passion. People. Purpose.™

ATTENDANCE ROSTER					
MEMBERS	MEETING DATES:				
	SPECIAL 1/26/22	4/27/22	7/27/22	8/24/22	10/26/22
DIRECTOR LAURA BARRY – CHAIR	V	V	V	V	
DIRECTOR JEFF GRIFFITH, EMT-P	V	V	E	V	
DIRECTOR MIKE PACHECO	V	V	V	V	
DIANE HANSEN, PRESIDENT & CEO	V	V	V	E	
SABIHA PASHA, MD, CoS PMC ESCONDIDO	V	E	V	V	
EDWARD GURROLA, MD, CoS, PMC POWAY	V	V	V	V	
<i>DIRECTOR LAURIE EDWARDS-TATE, MS – ALTERNATE</i>		G			
<i>DIRECTOR TERRY CORRALES, RN – 2<sup>ND</sup> ALTERNATE</i>			V		
<i>KANCHAN KOIRALA – ALTERNATE COS PMC ESCONDIDO</i>					
<i>SAM FILICIOTTO, MD – ALTERNATE COS PMC POWAY</i>	V (GUEST)		G		
<b>STAFF ATTENDEES</b>					
HUGH KING, CHIEF FINANCIAL OFFICER		V	V	V	
OMAR KHAWAJA, MD, CHIEF MEDICAL OFFICER	V	V	V	E	
STEPHANIE BAKER, RN, CHIEF OPERATIONS OFFICER				V	
MEL RUSSELL, RN, CHIEF NURSE EXECUTIVE	V	V	V	V	
AMANDA PAPE, VP OF FINANCE			E	E	
TANYA HOWELL – COMMITTEE ASSISTANT	V	V	V	V	
SHEILA BROWN, RN,	V	V	E		
MICHAEL BOGERT, CHIEF FINANCIAL OFFICER	V				
JIM SMITH, VP OF FINANCE	E				
<b>INVITED GUESTS</b>	<b>SEE TEXT OF MINUTES FOR NAMES OF INVITED GUESTS</b>				



BOARD FINANCE COMMITTEE –MEETING MINUTES – WEDNESDAY, AUGUST 24, 2022			
AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL ?
DISCUSSION			
<b>NOTICE OF MEETING</b>			
<ul style="list-style-type: none"> <li>The full agenda packet (as Notice of Meeting) was posted on Friday, August 19, 2022, at Palomar Health’s Administrative Offices, which is consistent with legal requirements</li> <li>The full agenda packet was also posted on the Palomar Health website; and notice of that posting was made via email to the Board and staff</li> </ul>			
<b>CALL TO ORDER</b>			
<ul style="list-style-type: none"> <li>The meeting – held virtually – was called to order at 1:30 p.m. by Chair Laura Barry</li> </ul>			
<b>ESTABLISHMENT OF QUORUM</b>			
<ul style="list-style-type: none"> <li>Quorum was established – see roster for details</li> </ul>			
<b>PUBLIC COMMENTS</b>			
<ul style="list-style-type: none"> <li>None filed</li> </ul>			
<b>INFORMATION ITEMS</b>			
<ul style="list-style-type: none"> <li>None</li> </ul>			
<b>1. BOARD FINANCE COMMITTEE FOLLOW-UPS</b>			<b>Y</b>
<ul style="list-style-type: none"> <li>There were no follow-ups discussed – the item will be presented at the next meeting</li> </ul>			
<b>2. MINUTES –BOARD FINANCE COMMITTEE MEETING, WEDNESDAY, APRIL 27, 2022</b>	<b>MOTION:</b> By Director Pacheco, seconded by Director Griffith, and carried to approve the Wednesday, April 27, 2022, Special Board Finance Committee Minutes as presented. Vote taken by Roll Call: Director Griffith – aye; Dr. Pasha – aye; Dr. Gurrola – aye; Chair Barry – aye; Director Pacheco –aye; Absent: Ms. Hansen	Forwarded to the September 12, 2022, Board of Directors meeting as information	<b>Y</b>
<ul style="list-style-type: none"> <li>In response to an inquiry from Chair Barry, Secretary Howell confirmed that there had only been provisions for alternate voting members for the Board members and the Chiefs of Staff; there had never been a provision for an alternate for the CEO</li> </ul>			
<b>3. JULY 2022 &amp; YTD FY2023 FINANCIAL REPORT</b>	<b>MOTION:</b> By Dr. Gurrola, seconded by Director Griffith, and carried to recommend approval of the July 2022 & YTD FY2023 Financial Report as presented. Vote taken by Roll Call: Director Griffith – aye; Dr. Pasha – aye; Dr. Gurrola – aye; Chair Barry – aye; Director Pacheco –aye; Absent: Ms. Hansen	Forwarded to the September 12, 2022, Board of Directors meeting with a recommendation for approval	<b>N</b>
<ul style="list-style-type: none"> <li>Utilizing the presentation included as Addendum B in the packet – and first explaining that the presentation would be brief since it was the end of the first month of a new fiscal year – CFO Hugh King presented the financials</li> </ul>			

BOARD FINANCE COMMITTEE –MEETING MINUTES – WEDNESDAY, AUGUST 24, 2022

• AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL ?
• DISCUSSION			
<ul style="list-style-type: none"> <li>• EXECUTIVE DASHBOARD (PAGE 20)               <ul style="list-style-type: none"> <li>○ The actual volumes were significantly below the budgeted volumes, on average by somewhere between 11% and 14%, with several reasons behind those numbers                   <ul style="list-style-type: none"> <li>– The NICU was planned to have opened by July 1<sup>st</sup>, but that had been delayed, with a new expected opening in October                       <ul style="list-style-type: none"> <li>▪ The unit has been completed, and Management will be glad to set up tours for Board members should they so desire</li> <li>▪ The agreement with Rady for the management of the unit has been finalized, but there had been some delays in obtaining sign-off by all parties                           <ul style="list-style-type: none"> <li>♦ Until the unit opens under the Palomar Health (PH) license, the beds will still be considered Rady beds and cannot be counted in the PH census</li> <li>♦ 4-bed Rady license will increase to an 11-bed PH license, a big increase in census, with at least 50% of the beds anticipated to be filled starting on day one</li> </ul> </li> </ul> </li> <li>– At the end of June, there were concerns about the potential for a one-day strike or a Series of one-day strikes, so volumes had been tamped down volume in anticipation having adequate staffing in the event a strike materialized</li> <li>– There had also been a plan to increase volume at the Villas, and there were some renovations being completed there                       <ul style="list-style-type: none"> <li>▪ Partly due to strike concerns and essentially due to the renovations, The Villas didn't hit targeted admissions, but Mr. King anticipated that a full census at that facility would be reached in the next 3 to 4 months</li> </ul> </li> <li>– Mr. King also believed that monthly budgeted volumes would reach target levels by September/October, when the new units were open and construction projects had been completed</li> </ul> </li> </ul> </li> <li>• INCOME STATEMENT: CURRENT MONTH (PAGE 22)               <ul style="list-style-type: none"> <li>○ Gross Revenues had been budgeted at \$449.6M; actual was \$386.9M, a \$62.7M unfavorable variance                   <ul style="list-style-type: none"> <li>– Gross Revenues aren't what is collected, Net Revenues derive from anticipated cash inflow</li> </ul> </li> <li>○ Net Patient Revenue had been budgeted at \$77.0M; actual was \$67.4M, a \$9.8M unfavorable variance</li> <li>○ Total Net Revenue for the month had been budgeted at \$77.8M; actual was \$68.0M, a \$9.8M unfavorable variance</li> <li>○ Expenses had been budgeted at \$72.5M; actual was \$66.2M, a favorable variance of \$6.3M                   <ul style="list-style-type: none"> <li>– It would be hoped that if volumes were down, there wouldn't be a need for as many supplies or staff, which happened to be the case                       <ul style="list-style-type: none"> <li>▪ Supplies had a favorable variance of \$2.1M, and Professional Fees &amp; Purchased Services had a favorable variance of \$3.3M</li> </ul> </li> <li>– Although Revenues were not where Management wanted it to be, the team had done a great job of managing expenses, especially with the extra expenses that had to be incurred related to strike planning during the month</li> </ul> </li> <li>○ Net Income from Operations had been budgeted at 5.3M; actual was \$1.8M, a \$3.5M unfavorable variance                   <ul style="list-style-type: none"> <li>– Although not a figure about which to be happy, it was positive that there was a \$1.8M profit made in a time when volumes were down by 11-13 pts compared to budget</li> </ul> </li> <li>○ Bottom Bottom Line – Net Income had been budgeted at \$4.8M; actual was \$2.6M, a \$2.2M unfavorable variance</li> </ul> </li> <li>• Current vs. Prior Year-to-Date (Page 23)               <ul style="list-style-type: none"> <li>○ Net Revenues were higher than last year by about \$900K</li> </ul> </li> </ul>			

BOARD FINANCE COMMITTEE –MEETING MINUTES – WEDNESDAY, AUGUST 24, 2022

• AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL ?
• DISCUSSION			
<ul style="list-style-type: none"> <li>○ Expenses had a \$2.8M unfavorable comparison to prior year                             <ul style="list-style-type: none"> <li>– The biggest driver of that variance was in Salaries, Wages &amp; Contract Labor, with a \$4.9M unfavorable comparison to prior year                                     <ul style="list-style-type: none"> <li>▪ That variance was not a surprise, as the new union contract had increased union salaries, and there were also more contract labor personnel than prior year</li> </ul> </li> </ul> </li> <li>○ Net Income for current year was \$2.6M, vs. \$3.1M in prior year, which was just over a \$500K unfavorable comparison, not the preferred performance, but given the low volumes, a performance Management could accept                             <ul style="list-style-type: none"> <li>– In response to an inquiry from Dr. Gurrola related to how much of the variance could be attributed to travelers and how long it was anticipated that travelers would continue to be used, Mr. King stated that he would have to defer to HR for specifics, but his expectation was that traveler use would continue for another 4-6 months                                     <ul style="list-style-type: none"> <li>▪ Mr. King further noted that HR had been recruiting as rapidly as they could, but the current market was very good for travelers, and it was difficult to attract recruits</li> <li>▪ Dr. Gurrola then inquired whether the union increase was cheaper than hiring travelers, and CNE Mel Russell responded that budgets were based on a specific amount of dollars regarding the overall RN per-hour wage   <ul style="list-style-type: none"> <li>♦ Mr. Russell also noted that Management received a productivity list every two weeks, and that the number of travelers and the amount being paid them was included in that listing, which indicated the increase of traveler expense was impacting the OR and Med/Surg and basically keeping those departments from meeting their productivity dollars   <ul style="list-style-type: none"> <li>(i) Up until last year, the departments were meeting their productivity dollar goals, but having to increase the use of travelers has prevented that from happening</li> </ul> </li> <li>♦ COO Stephanie Baker added that a recent update from HR indicated there had been 200 new-hires since the beginning of the year; however, most of those were hired due to attrition, replacing staff members who had left   <ul style="list-style-type: none"> <li>(i) The new-hires have been getting on-boarded, resulting in some decrease in traveler usage</li> </ul> </li> <li>♦ Mr. King also noted that, as volumes grew, the demands for staffing would also grow, which had been a challenge both for HR and Operations</li> </ul> </li> <li>▪ Chair Barry asked if it was true that Management had been unable to pay bonuses to some of the specialty positions because of the manner in which the union contract had been resolved, and Mr. Russell said he was unaware of anything along those lines and would need more information before he could respond   <ul style="list-style-type: none"> <li>♦ Chair Barry clarified that she had been under the impression that the union would not allow Management to pay a differential in pay for some of the harder-to-fill specialty positions   <ul style="list-style-type: none"> <li>(i) Mr. Russell said that was, unfortunately, true regarding Critical Care and OR positions; however, the amount was only a \$1/\$2 differential/hour, not a bonus</li> </ul> </li> </ul> </li> </ul> </li> </ul> </li> </ul>			

**BOARD FINANCE COMMITTEE –MEETING MINUTES – WEDNESDAY, AUGUST 24, 2022**

• AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL ?
• DISCUSSION			
<ul style="list-style-type: none"> <li>• STATEMENT OF NET POSITION: INCLUDES GO BONDS (PAGE 29)                             <ul style="list-style-type: none"> <li>○ Cash position at the end of last year was \$238.4M, and as of July, it had declined to \$207.8M, a \$31M decline in cash that was driven by several things                                     <ul style="list-style-type: none"> <li>– Board Designated declined from \$21.1M to \$17.3M, because the vast majority of the \$55M in Medicare prepayments (received when the pandemic first started to ensure hospitals had adequate funding) had been put into Board Designated cash for tracking purposes   <ul style="list-style-type: none"> <li>▪ Medicare has now recouped substantially all of those funds, with about \$3M remaining, which will have been recouped by the end of August</li> </ul> </li> <li>– Accounts Receivable at the end of the year were at \$149M, and they have now gone up to \$159.9M, and that was due to interesting problem in revenue cycle   <ul style="list-style-type: none"> <li>▪ The key vendor who would send out statements to self-pay patients after insurance had paid their portion, or just to patients who didn't have insurance, was subject to a cyber attack and were unable to access the data in order to issue those statements   <ul style="list-style-type: none"> <li>♦ IT was able to isolate the vendor outside of our firewall, so there was no damage to our systems; however, the attack not only shut down their ability to send out statements, it shut down their phones as well, so patients attempting to call the vendor (thinking it was the District) weren't having their calls answered</li> <li>♦ 15-20 staff members on the revenue cycle team were diverted to answering patient questions until another vendor could be secured</li> <li>♦ Lesson learned was never again to use a single vendor for revenue cycle contracts, as the volume can now be shifted to the second vendor should anything happen to the first, with a continuation of operations</li> <li>♦ Mr. King also clarified that these were not lost revenues, just deferred cash, and he expected to see a decline in Accounts Receivable under the new system</li> </ul> </li> </ul> </li> <li>– Construction in Process went from \$64.5M to \$71.2M at the end of July, a \$6.7M increase, due primarily to projects related to the new MOBs   <ul style="list-style-type: none"> <li>▪ The one across the street from the hospital was anticipated to be online within the next few months, but there had been some construction costs related to getting it ready to accept tenants</li> </ul> </li> <li>– Current Liabilities were down by about \$12.6M, roughly \$15M of which was related to accounts payable   <ul style="list-style-type: none"> <li>▪ Estimated Third Party Settlements had gone down from \$27.9M to \$24.2M, which reflected the other side of the Medicare advance payments, as the cash went into the cash section, and the repayments had been captured as a liability</li> </ul> </li> </ul> </li> </ul> </li> </ul>			

**ADJOURNMENT** **The meeting was adjourned by Chair Barry at 1:53 p.m.**

**SIGNATURES:**

	<b>COMMITTEE CHAIR</b>	_____
	LAURA BARRY	
	<b>COMMITTEE ASSISTANT</b>	_____
	TANYA HOWELL	

# ADDENDUM C

**PROFESSIONAL SERVICES AGREEMENT  
BEHAVIORAL HEALTH UNIT  
PALOMAR HOSPITAL PARTNERS, INC.**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, MBA, Chief Medical Officer

**Background:** Palomar Health desires to provide continuous twenty-four hour inpatient services to the members of the community who require medical and hospital services through Hospital's medical staff and behavioral health units in accordance with the Medical Staff by-laws, rules and regulations, policies and procedures of Palomar Health.

This agreement will provide complete and integrated behavioral health services, provided by a group of physicians and Allied Health Professionals who strive for excellence in the provision of quality inpatient behavioral health services, for all Unassigned Patients and all patients referred by community outpatient physicians, or other physicians who do not have admitting privileges or who choose to refer patients to the Physicians for consultative services at Hospital's behavioral health facility, regardless of patients' insurance status or ability to pay.

**Budget Impact:** Budgeted.

**Staff Recommendation:**

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR HEALTH – AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
Title	<b>TITLE</b>	Professional Services Agreement Behavioral Health Unit
1 <sup>st</sup> Paragraph	<b>AGREEMENT DATE</b>	June 19, 2022
1 <sup>st</sup> Paragraph	<b>PARTIES</b>	Palomar Health, a California local healthcare district ("PH"), and Palomar Hospital Partners, Inc. ("Group").
Recitals Paragraph 1	<b>PURPOSE</b>	PH desires to provide continuous twenty-four hour inpatient services to the members of the community who require medical and hospital services through Hospital's medical staff and behavioral health units.
Recitals Paragraph 3	<b>SCOPE OF SERVICES</b>	To provide complete and integrated behavioral health services provided by a group of physicians and Allied Health Professionals who strive for excellence in the provision of quality inpatient behavioral health services. Physicians shall provide integrated, comprehensive inpatient Services for all Unassigned Patients and all patients referred by community outpatient physicians, or other physicians who do not have admitting privileges or who choose to refer patients to the Physicians for consultative services at Hospital's behavioral health facility, regardless of patients' insurance status or ability to pay.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	<b>TERM</b>	Evergreen, beginning June 19, 2022
	<b>RENEWAL</b>	None.
2.A.	<b>TERMINATION</b>	After the Initial Term of this Agreement <u>only</u> , either Party may terminate this Agreement by providing no less than one hundred eighty (180) days' written notice of termination to the other Party, in which case this Agreement will terminate at the end of the applicable notice period.
10.F.	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – DATE COMPLETED: 9/7/2022
10.F	<b>COMPENSATION METHODOLOGY</b>	Fair Market Value. Group shall compensate each Physician affiliated with Group, including but not limited to any physician shareholder, member, partner, employee and/or independent contractor, in a manner that is commercially reasonable and consistent with fair market value, and what Group can afford to pay based upon its collections and that does not vary with or reflect or relate to either directly or indirectly the volume or value of any actual or anticipated patient referrals to, or other business generated for, the Hospital.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
Recitals Paragraph 2	<b>JUSTIFICATION</b>	A community need exists for behavioral health services for patients requiring admission to the Hospital.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <b>Methodology &amp; Response:</b>
	<b>ALTERNATIVES/IMPACT</b>	N/A
	<b>Duties</b>	<input type="checkbox"/> Provision for Staff Education <input type="checkbox"/> Provision for Medical Staff Education <input type="checkbox"/> Provision for participation in Quality Improvement <input type="checkbox"/> Provision for participation in budget process development
	<b>COMMENTS</b>	None.
	<b>APPROVALS REQUIRED</b>	<input type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD-Committee – X-Finance; <input checked="" type="checkbox"/> BOD

**Medical Director Agreement  
Respiratory/Pulmonary Services  
Frank Bender, M.D. (Amend 2)**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, MBA, Chief Medical Officer

**Background:** This second amendment to the Medical Director Agreement of Respiratory and Pulmonary services will include the medical directorship of Outpatient Pulmonary Rehab Services (“Program”). The Medical Director shall deliver high quality services to eligible patient participants of the outpatient pulmonary rehab program along with other medical administrative responsibilities as outlined in the agreement to the reasonable satisfaction of the Hospital to include but not limited to clinical expertise and oversight to multidisciplinary pulmonary rehab staff as required, assist with program development, communicate with Palomar Health referring physicians regarding pulmonary rehab benefits for patients, provide oversight of the ITP process to ensure regulatory compliance, assist with department education of staff and patients, provide recommendations for department policies/procedures, and monitor outcomes of key program metrics.

**Budget Impact:** Budgeted

**Staff Recommendation:**

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**



## PALOMAR HEALTH – AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	<ol style="list-style-type: none"> <li>1. Escondido Pulmonary &amp; Sleep Specialists, Inc. (EPSS)   Bender, Frank M.D. - Respiratory &amp; Pulmonary Services - Medical Director Agrmt - 11.29.2018</li> <li>2. Escondido Pulmonary &amp; Sleep Specialists, Inc. (EPSS)   Bender, Frank M.D. - Respiratory &amp; Pulmonary Services - Medical Director Agrmt - 9.1.2020</li> <li>3. Escondido Pulmonary &amp; Sleep Specialists, Inc. (EPSS)   Bender, Frank M.D. - Respiratory &amp; Pulmonary Services - Amendment 1 to Medical Director Agrmt 9.1.2020 - 4.22.2022</li> <li>4. Escondido Pulmonary &amp; Sleep Specialists, Inc. (EPSS)   Bender, Frank M.D. - Respiratory &amp; Pulmonary Services - Amendment 2 to Medical Director Agrmt 9.1.2020 - 9.1.2022</li> </ol>
	<b>AGREEMENT DATE</b>	<ol style="list-style-type: none"> <li>1. November 29, 2018</li> <li>2. September 1, 2020</li> <li>3. May 4, 2022</li> <li>4. September 1, 2022</li> </ol>
	<b>PARTIES</b>	Palomar Health and Escondido Pulmonary and Sleep Specialists, Inc. (EPSS) with respect to Frank Bender, M.D.
	<b>PURPOSE</b>	Physician leadership and support of the Respiratory/Pulmonary Program which includes the Outpatient Pulmonary Rehab medical directorship.
	<b>SCOPE OF SERVICES</b>	Physician shall serve as Medical Director of Program and be responsible for the medical direction of Program and performance of all other medical administrative services set forth in this Agreement, including medical directorship of the Outpatient Pulmonary Rehab set forth.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	<b>TERM</b>	<ol style="list-style-type: none"> <li>1. November 29, 2018 – August 31, 2020</li> <li>2. September 1, 2020 – August 31, 2022</li> <li>3. May 4, 2022 – May 31, 2023</li> <li>4. September 1, 2022 – August 31, 2024</li> </ol>
	<b>RENEWAL</b>	None
	<b>TERMINATION</b>	Either party may terminate this Agreement without cause upon thirty (30) days' prior written notice.
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – <b>DATE COMPLETED: 09-06-2022</b>
	<b>COMPENSATION METHODOLOGY</b>	Physician prepares and submits complete and accurate time logs, documenting separately all time spent providing Medical Director services for the Program.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – <b>IMPACT:</b>
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – <b>EXPLAIN:</b>
	<b>JUSTIFICATION</b>	Hospital owns and operates several acute hospitals and other facilities which require physician leadership and support of the Respiratory/Pulmonary Services ("Program").
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <b>Methodology &amp; Response:</b>
	<b>ALTERNATIVES/IMPACT</b>	N/A
	<b>Duties</b>	<ul style="list-style-type: none"> <li>x Provision for Staff Education</li> <li>x Provision for Medical Staff Education</li> <li>x Provision for participation in Quality Improvement</li> <li>x Provision for participation in budget process development</li> </ul>
	<b>COMMENTS</b>	None.
	<b>APPROVALS REQUIRED</b>	<b>X-VP X-CFO</b> <input type="checkbox"/> CEO <b>X-BOD Committee – Finance; X-BOD</b>

**MEDICAL DIRECTOR AGREEMENT - JAMES BRIED, M.D. (Amend 1)  
ORTHOPEDIC ACUTE CARE PROGRAM**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, MBA, Chief Medical Officer

**Background:** This amended contract represents the Medical Director Agreement for the Orthopedic Acute Care Program Palomar Medical Center Poway in accordance with the Medical Staff by-laws, rules and regulations, policies, and procedures of Palomar Health. The Medical Director will manage, generally supervise, and direct the medical administrative operations of the Program.

**Budget Impact:** Budgeted

**Staff Recommendation:**

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

**PALOMAR HEALTH – AGREEMENT ABSTRACT**

<b>Section Reference</b>	<b>Term/Condition</b>	<b>Term/Condition Criteria</b>
	<b>TITLE</b>	1. Bried, James M.D. – Orthopedic Services PMC Poway – Medical Director Agreement – 10.1.2020. 2. Bried, James M.D. – Orthopedic Services PMC Poway – Amendment 1 to Medical Director Agreement 10.1.2020 – 10.1.2022.
	<b>AGREEMENT DATE</b>	1. October 1, 2020 2. October 1, 2022
	<b>PARTIES</b>	Palomar Health and James Bried, M.D.
Recitals A	<b>PURPOSE</b>	Hospital owns and operates several acute hospitals and other facilities which require physician leadership and support of the Orthopedic Acute Care Program.
Recital C	<b>SCOPE OF SERVICES</b>	Hospital and physician have agreed that Physician will manage, generally supervise, and direct the medical administrative operations of the Program in accordance with this Agreement.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal                      X Discretionary
	<b>TERM</b>	1. October 1, 2020 – September 30, 2022 2. October 1, 2022 – September 30, 2024
	<b>RENEWAL</b>	None.
13.a) – c)	<b>TERMINATION</b>	Either party may terminate this Agreement without cause upon thirty (30) days’ prior written notice.
	<b>FAIR MARKET VALUATION</b>	X YES <input type="checkbox"/> NO – DATE COMPLETED: 09/25/2020
2.2	<b>COMPENSATION METHODOLOGY</b>	Fair Market Value. The Parties hereby acknowledge and agree that the compensation hereunder is the product of bona fide arms-length negotiations and represents a commercially reasonable and fair market value payment for the Services to be furnished hereunder without regard to the volume or value of a federal health care program or any other business generated by and among the Parties.
	<b>BUDGETED</b>	X YES <input type="checkbox"/> NO – IMPACT:
	<b>EXCLUSIVITY</b>	X NO <input type="checkbox"/> YES – EXPLAIN:
	<b>JUSTIFICATION</b>	Need for medical directorship for the Orthopedic Acute Care Program at PMC Poway.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES    X NO    Methodology & Response:
	<b>ALTERNATIVES/IMPACT</b>	N/A
	<b>Duties</b>	X Provision for Staff Education X Provision for Medical Staff Education X Provision for participation in Quality Improvement X Provision for participation in budget process development
	<b>COMMENTS</b>	None.
	<b>APPROVALS REQUIRED</b>	X VP X-CFO <input type="checkbox"/> CEO X-BOD-Committee – Finance; X-BOD

**ARCH HEALTH PARTNERS, INC. DBA  
PALOMAR HEALTH MEDICAL GROUP  
RADIATION ONCOLOGY COVERAGE AND  
PROFESSIONAL SERVICES AGREEMENT**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, MBA, Chief Medical Officer

**Background:** This contract represents the Radiation Oncology Coverage and Professional Services Agreement with Arch Health Partners, Inc. dba Palomar Health Medical Group. Palomar Health desires to retain Group as an independent contractor to provide, on an exclusive basis through its Physicians, certain coverage and professional medical services in the operation of the Departments to support Palomar Health's Radiation Oncology Program.

**Budget Impact:** Budgeted

**Staff Recommendation:** Approval

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR HEALTH – AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	Radiation Oncology Coverage and Professional Services Agreement
	<b>AGREEMENT DATE</b>	October 1, 2022
	<b>PARTIES</b>	Palomar Health & Arch Health Partners, Inc. dba Palomar Health Medical Group
	<b>PURPOSE</b>	Provision of Radiation Oncology services
	<b>SCOPE OF SERVICES</b>	Provide exclusive on-site medical services for Radiation Oncology services in inpatient and outpatient clinics
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input type="checkbox"/> Discretionary
	<b>TERM</b>	October 1, 2022 to September 30, 2023
	<b>RENEWAL</b>	Annually upon approval to extend
	<b>TERMINATION</b>	Clause for termination without cause by either party with 90-day written notice
	<b>FAIR MARKET VALUATION</b>	X YES    NO – DATE COMPLETED: 3.11.2022
	<b>COMPENSATION METHODOLOGY</b>	Fair Market Value. The parties agree that the terms and provisions of the Agreement are commercially reasonable, and to the best of the Parties' knowledge, the compensation is consistent with fair market value.
	<b>BUDGETED</b>	X YES <input type="checkbox"/> NO – IMPACT:
	<b>EXCLUSIVITY</b>	<input type="checkbox"/> NO    X YES – EXPLAIN:
	<b>JUSTIFICATION</b>	Physician expertise needed to provide service
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES    X NO    Methodology & Response:
	<b>ALTERNATIVES/IMPACT</b>	N/A
	<b>Duties</b>	X Provision for Staff Education X Provision for Medical Staff Education X Provision for participation in Quality Improvement X Provision for participation in budget process development
	<b>COMMENTS</b>	
	<b>APPROVALS REQUIRED</b>	<input type="checkbox"/> VP <input type="checkbox"/> CFO <input type="checkbox"/> CEO <input type="checkbox"/> BOD Committee <input type="checkbox"/> BOD

**CALL COVERAGE AGREEMENT  
ELECTROPHYSIOLOGY**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, MBA, Chief Medical Officer

**Background:** This contract represents the Call Coverage Agreement with Arch Health Partners, Inc. dba Palomar Health Medical Group. Group shall identify and provide qualified Physicians to participate in Palomar Health’s on-call program and render on-call electrophysiological services to Palomar Health’s patients according to a reasonable call schedule developed by the parties, and to otherwise provide the services required in the Agreement.

**Budget Impact:** Budgeted.

**Staff Recommendation:** Approval

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR HEALTH – AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	ELECTROPHYSIOLOGY (EP) CALL COVERAGE AGREEMENT
	<b>AGREEMENT DATE</b>	October 1, 2022
	<b>PARTIES</b>	Palomar Health, a California healthcare district and Arch Health Partners, Inc. dba Palomar Health Medical Group, a California nonprofit corporation.
	<b>PURPOSE</b>	Palomar Health desires to ensure that physicians practicing in the specialty of electrophysiology are available and on call to provide needed medical services at Palomar Medical Center Escondido and Palomar Medical Center Poway by contracting with Group to provide such services per the terms of Agreement.
	<b>SCOPE OF SERVICES</b>	Group shall identify and provide qualified Physicians to participate in Palomar Health’s on-call program and render on-call electrophysiological services to Palomar Health’s patients according to a reasonable call scheduled developed by the parties, and to otherwise provide the services required by in the Agreement.
	<b>PROCUREMENT METHOD</b>	<input checked="" type="checkbox"/> <b>Request For Proposal</b> <input type="checkbox"/> <b>Discretionary</b>
	<b>TERM</b>	October 1, 2022 – September 30, 2023
	<b>RENEWAL</b>	None.
	<b>TERMINATION</b>	Either party may, in its sole discretion, upon the completion of the Initial Term only, terminate this Agreement without cause by giving the other party at least 180 days’ prior written notice.
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> – <b>DATE COMPLETED:</b> APRIL 19, 2023
	<b>COMPENSATION METHODOLOGY</b>	Fair Market Value. The parties agree that the terms and provisions of the Agreement are commercially reasonable, and to the best of the Parties’ knowledge, the compensation is consistent with fair market value.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> – <b>IMPACT:</b>
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES</b> – <b>EXPLAIN:</b>
	<b>JUSTIFICATION</b>	Hospital desires to retain Group as an independent contractor to provide, through its Physicians, certain coverage services (“Services”) in the specialty of electrophysiology (EP) (the “EP Program”).
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> <b>YES</b> <input checked="" type="checkbox"/> <b>NO</b> <b>Methodology &amp; Response:</b>
	<b>ALTERNATIVES/IMPACT</b>	N/A
	<b>Duties</b>	<input type="checkbox"/> <b>Provision for Staff Education</b> <input type="checkbox"/> <b>Provision for Medical Staff Education</b> <input type="checkbox"/> <b>Provision for participation in Quality Improvement</b> <input type="checkbox"/> <b>Provision for participation in budget process development</b>
	<b>COMMENTS</b>	None.
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> <b>VP</b> <input checked="" type="checkbox"/> <b>X-CFO</b> <input type="checkbox"/> <b>CEO</b> <input checked="" type="checkbox"/> <b>X-BOD-Committee – Finance;</b> <input checked="" type="checkbox"/> <b>X-BOD</b>

**Emergency and Stroke on Call Agreement  
North County Neurology Associates dba The Neurology Center of  
Southern California (Amend 2)**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, MBA  
Chief Medical Officer

**Background:** Palomar Medical Center Escondido and Palomar Medical Center Poway have been designated as a Primary Stroke Centers by San Diego County. Pursuant to State and Federal law the hospitals have established specialty physician on-call panels in order to assure the availability of adequate physician coverage for emergency department patients. This second amended agreement will provide for Emergency and Stroke on-call coverage for unassigned inpatients requiring specialty consultations and stroke care. This coverage will be provided by the North County Neurology Associates dba The Neurology Center of Southern California.

**Budget Impact:** Budgeted

**Staff Recommendation:** Recommend approval.

**Committee Questions/Suggestions/Requests:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**



## PALOMAR HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	<ol style="list-style-type: none"> <li>North County Neurology Associates DBA The Neurology Center - Emergency &amp; Stroke On-Call Agreement - 10.1.2013</li> <li>North County Neurology Associates d/b/a The Neurology Center - Amend 1 to Emergency &amp; Stroke On-Call Agreement 10.1.2013 - 10.1.2014</li> <li>North County Neurology Associates dba The Neurology Center of Southern California – Amend 2 to Emergency and Stroke Call Coverage Agreement 7.1.2019 - 11.1.2022</li> </ol>
	<b>AGREEMENT DATE</b>	<ol style="list-style-type: none"> <li>October 1, 2013</li> <li>October 1, 2014</li> <li>November 1, 2022</li> </ol>
	<b>PARTIES</b>	Palomar Health and North County Neurology Associates dba The Neurology Center of Southern California
	<b>PURPOSE</b>	PH desires to ensure that physicians practicing in the specialty of neurology are available and on call to provide needed medical services at the emergency departments of both hospitals by contracting with the Group to provide such services per the terms of the agreement.
	<b>SCOPE OF SERVICES</b>	Group shall identify and provide qualified Physicians to participate in PH's on-call program and render on-call neurology services to PH's patients according to a reasonable call schedule developed by the parties, and to otherwise provide the services required by the agreement.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	<b>TERM</b>	<ol style="list-style-type: none"> <li>October 1, 2013 – September 30, 2016</li> <li>October 1, 2014 - September 30, 2016</li> <li>November 1, 2022 – June 30, 2025</li> </ol>
	<b>RENEWAL</b>	None
	<b>TERMINATION</b>	This agreement may be terminated by either party without penalty with a 30 day written notice.
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No – <b>Date Completed: 11-12-2022</b>
	<b>COMPENSATION METHODOLOGY</b>	Daily per diem based on Fair Market Value and Commercial Reasonableness.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – <b>IMPACT:</b>
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – <b>EXPLAIN:</b> Specialty Physician
	<b>JUSTIFICATION</b>	Palomar Health has established specialty physician on-call panels in order to assure the availability of adequate physician coverage for emergency department patients.
	<b>AGREEMENT NOTICED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO <b>Methodology &amp; Response:</b>
	<b>ALTERNATIVES/IMPACT</b>	None
	<b>Duties</b>	<input type="checkbox"/> Provision for Staff Education – NA <input type="checkbox"/> Provision for Medical Staff Education - NA <input type="checkbox"/> Provision for participation in Quality Improvement - NA <input type="checkbox"/> Provision for participation in budget process development - NA
	<b>COMMENTS</b>	This contract covers Palomar Medical Center Escondido and Palomar Medical Center Poway.
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Committee Finance <input checked="" type="checkbox"/> BOD

**ANESTHESIA COVERAGE AND DIRECTOR SERVICES AGREEMENT  
ARCH HEALTH PARTNERS, INC.  
DBA PALOMAR HEALTH MEDICAL GROUP (AMEND 1)**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, MBA, Chief Medical Officer

**Background:** Hospital desires to retain Group as an independent contractor to provide on an exclusive basis through its Physicians certain administrative services and professional Anesthesia medical services in the operation of the Departments and has determined that this proposed arrangement with Group shall enhance the Departments' and each Facility's organization, procedure standardization, economic efficiency, professional proficiency, and provide other benefits to enhance coordination and cooperation among the Departments' providers and users.

**Budget Impact:** Budgeted

**Staff Recommendation:**

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR HEALTH – AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	<ol style="list-style-type: none"> <li>Palomar Health Medical Group (PHMG) fka Arch Health Partners, Inc. - Anesthesia Coverage &amp; Director Svcs Agreement - 11.1.2021</li> <li>Palomar Health Medical Group (PHMG) fka Arch Health Partners, Inc. - Amend 1 to Anesthesia Coverage Agmt 11.1.2021 - 11.1.2022</li> </ol>
	<b>AGREEMENT DATE</b>	<ol style="list-style-type: none"> <li>November 1, 2021</li> <li>November 1, 2022</li> </ol>
	<b>PARTIES</b>	Palomar Health and Arch Health Partners, Inc. dba Palomar Health Medical Group
	<b>PURPOSE</b>	Hospital desires to retain Group as an independent contractor to provide on an exclusive basis through its Physicians, certain administrative services and professional Anesthesia medical services in the operation of the Department.
	<b>SCOPE OF SERVICES</b>	Professional Services and Medical Director Duties
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	<b>TERM</b>	<ol style="list-style-type: none"> <li>November 1, 2021 – October 31, 2024</li> <li>November 1, 2022 – November 1, 2024</li> </ol>
	<b>RENEWAL</b>	None
	<b>TERMINATION</b>	Either party may terminate this Agreement at any time without cause by providing no less than one hundred eighty (180) days' written notice to the other party.
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – DATE COMPLETED: <b>MAY 2, 2022</b>
	<b>COMPENSATION METHODOLOGY</b>	The Parties hereby acknowledge and agree that the compensation hereunder is the product of bona fide arms-length negotiations and represents a commercially reasonable and fair market value payment for the Professional Services to be furnished hereunder without regard to the volume or value of the federal health care program or any other business generated by and among the Parties.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	<b>JUSTIFICATION</b>	Hospital owns and operates an emergency department and/or Trauma Center at two (2) acute care hospitals in the north San Diego community, including Palomar Medical Center Escondido and Palomar Medical Center Poway.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <b>Methodology &amp; Response:</b>
	<b>ALTERNATIVES/IMPACT</b>	N/A
	<b>Duties</b>	<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
	<b>COMMENTS</b>	None.
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> -VP <input checked="" type="checkbox"/> -CFO <input type="checkbox"/> CEO <input checked="" type="checkbox"/> -BOD-Committee – Finance; <input checked="" type="checkbox"/> -BOD

**OPHTHALMOLOGY CALL AGREEMENT  
SRINIVAS IYENGAR, M.D.**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, MBA, Chief Medical Officer

**Background:** This contract represents the Call Agreement with Srinivas Iyengar, M.D. Physician shall serve as a member of the On-Call Panel at Palomar Medical Center Escondido and Palomar Medical Center Poway on a rotating basis and provide Call Coverage for the specialty of Ophthalmology in accordance with the Medical Staff by-laws, rules and regulations, policies and procedures of Palomar Health.

Call coverage services to PH's patients will be according to a reasonable call schedule developed by the parties, regardless of payor class, to patients not currently assigned to a particular physician, patients who present to the emergency department, and to hospital patients, including inpatients, who may be assigned to a particular physician but who require consultation or other physician services from an on-call panel physician ophthalmology specialist per the terms of this Agreement.

**Budget Impact:** Budgeted.

**Staff Recommendation:**

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR HEALTH – AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	Iyengar, Srinivas M.D. - Ophthalmology Call Coverage Agreement
	<b>AGREEMENT DATE</b>	December 1, 2022
	<b>PARTIES</b>	Palomar Health and Srinivas Iyengar, M.D.
	<b>PURPOSE</b>	PH desires to ensure that physicians practicing in the specialty of ophthalmology are available and on call to provide needed medical services at the Emergency Department of Palomar Medical Center Escondido and Palomar Medical Center Poway by contracting with Physician to provide such services per the terms of this Agreement.
	<b>SCOPE OF SERVICES</b>	To provide medical services in the specialty of ophthalmology at Hospital when called by rendering services to PH's patients according to a reasonable call schedule developed by the parties, regardless of payor class, to patients not currently assigned to a particular physician, patients who present to the emergency department, and to hospital patients, including inpatients, who may be assigned to a particular physician but who require consultation or other physician services from an on-call panel physician ophthalmology specialist per the terms of this Agreement and to otherwise provide the services required by this Agreement.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	<b>TERM</b>	December 1, 2022 – November 30, 2024
	<b>RENEWAL</b>	None.
	<b>TERMINATION</b>	Either party may terminate this agreement without cause upon ninety (90) days' prior written notice.
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – DATE COMPLETED: 5/31/2022
	<b>COMPENSATION METHODOLOGY</b>	Fair Market Value. The parties understand and agree that the payments made per this Agreement represent fair market value for legitimate and needed services actually provided without regard to volume or value of referrals or other business generated between the Parties.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	<b>JUSTIFICATION</b>	Need for continued Ophthalmology consultation call coverage for the Emergency Departments at PMC Escondido and PMC Poway.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <b>Methodology &amp; Response:</b>
	<b>ALTERNATIVES/IMPACT</b>	N/A
	<b>Duties</b>	<input type="checkbox"/> Provision for Staff Education <input type="checkbox"/> Provision for Medical Staff Education <input type="checkbox"/> Provision for participation in Quality Improvement <input type="checkbox"/> Provision for participation in budget process development
	<b>COMMENTS</b>	None.
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD-Committee – <input checked="" type="checkbox"/> Finance; <input checked="" type="checkbox"/> BOD

**OPHTHALMOLOGY CALL AGREEMENT  
BRIAN B. LE, M.D.**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, MBA, Chief Medical Officer

**Background:** This contract represents the Call Agreement with Brian B. Le, M.D. Physician shall serve as a member of the On-Call Panel at Palomar Medical Center Escondido and Palomar Medical Center Poway on a rotating basis and provide Call Coverage for the specialty of Ophthalmology in accordance with the Medical Staff by-laws, rules and regulations, policies and procedures of Palomar Health.

Call coverage services to PH's patients will be according to a reasonable call schedule developed by the parties, regardless of payor class, to patients not currently assigned to a particular physician, patients who present to the emergency department, and to hospital patients, including inpatients, who may be assigned to a particular physician but who require consultation or other physician services from an on-call panel physician ophthalmology specialist per the terms of this Agreement.

**Budget Impact:** Budgeted.

**Staff Recommendation:**

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR HEALTH – AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	Le, Brian M.D. - Ophthalmology Call Coverage Agreement
	<b>AGREEMENT DATE</b>	December 1, 2022
	<b>PARTIES</b>	Palomar Health and Brian Le, M.D.
	<b>PURPOSE</b>	PH desires to ensure that physicians practicing in the specialty of ophthalmology are available and on call to provide needed medical services at the Emergency Department of Palomar Medical Center Escondido and Palomar Medical Center Poway by contracting with Physician to provide such services per the terms of this Agreement.
	<b>SCOPE OF SERVICES</b>	To provide medical services in the specialty of ophthalmology at Hospital when called by rendering services to PH's patients according to a reasonable call schedule developed by the parties, regardless of payor class, to patients not currently assigned to a particular physician, patients who present to the emergency department, and to hospital patients, including inpatients, who may be assigned to a particular physician but who require consultation or other physician services from an on-call panel physician ophthalmology specialist per the terms of this Agreement and to otherwise provide the services required by this Agreement.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	<b>TERM</b>	December 1, 2022 – November 30, 2024
	<b>RENEWAL</b>	None.
	<b>TERMINATION</b>	Either party may terminate this agreement without cause upon ninety (90) days' prior written notice.
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – DATE COMPLETED: 5/31/2022
	<b>COMPENSATION METHODOLOGY</b>	Fair Market Value. The parties understand and agree that the payments made per this Agreement represent fair market value for legitimate and needed services actually provided without regard to volume or value of referrals or other business generated between the Parties.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	<b>JUSTIFICATION</b>	Need for continued Ophthalmology consultation call coverage for the Emergency Departments at PMC Escondido and PMC Poway.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <b>Methodology &amp; Response:</b>
	<b>ALTERNATIVES/IMPACT</b>	N/A
	<b>Duties</b>	<input type="checkbox"/> Provision for Staff Education <input type="checkbox"/> Provision for Medical Staff Education <input type="checkbox"/> Provision for participation in Quality Improvement <input type="checkbox"/> Provision for participation in budget process development
	<b>COMMENTS</b>	None.
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD-Committee – <input checked="" type="checkbox"/> Finance; <input checked="" type="checkbox"/> BOD

## OPHTHALMOLOGY CALL AGREEMENT

Lillian Lee, M.D.

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, MBA, Chief Medical Officer

**Background:** This contract represents the Call Agreement with Lillian Lee, M.D. Physician shall serve as a member of the On-Call Panel at Palomar Medical Center Escondido and Palomar Medical Center Poway on a rotating basis and provide Call Coverage for the specialty of Ophthalmology in accordance with the Medical Staff by-laws, rules and regulations, policies and procedures of Palomar Health.

Call coverage services to PH's patients will be according to a reasonable call schedule developed by the parties, regardless of payor class, to patients not currently assigned to a particular physician, patients who present to the emergency department, and to hospital patients, including inpatients, who may be assigned to a particular physician but who require consultation or other physician services from an on-call panel physician ophthalmology specialist per the terms of this Agreement.

**Budget Impact:** Budgeted.

**Staff Recommendation:**

**Committee Questions:**

### COMMITTEE RECOMMENDATION:

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**



## PALOMAR HEALTH – AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	Lee, Lillian M.D. - Ophthalmology Call Coverage Agreement
	<b>AGREEMENT DATE</b>	December 1, 2022
	<b>PARTIES</b>	Palomar Health and Lillian Lee, M.D.
	<b>PURPOSE</b>	PH desires to ensure that physicians practicing in the specialty of ophthalmology are available and on call to provide needed medical services at the Emergency Department of Palomar Medical Center Escondido and Palomar Medical Center Poway by contracting with Physician to provide such services per the terms of this Agreement.
	<b>SCOPE OF SERVICES</b>	To provide medical services in the specialty of ophthalmology at Hospital when called by rendering services to PH's patients according to a reasonable call schedule developed by the parties, regardless of payor class, to patients not currently assigned to a particular physician, patients who present to the emergency department, and to hospital patients, including inpatients, who may be assigned to a particular physician but who require consultation or other physician services from an on-call panel physician ophthalmology specialist per the terms of this Agreement and to otherwise provide the services required by this Agreement.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	<b>TERM</b>	December 1, 2022 – November 30, 2024
	<b>RENEWAL</b>	None.
	<b>TERMINATION</b>	Either party may terminate this agreement without cause upon ninety (90) days' prior written notice.
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – DATE COMPLETED: 5/31/2022
	<b>COMPENSATION METHODOLOGY</b>	Fair Market Value. The parties understand and agree that the payments made per this Agreement represent fair market value for legitimate and needed services actually provided without regard to volume or value of referrals or other business generated between the Parties.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	<b>JUSTIFICATION</b>	Need for continued Ophthalmology consultation call coverage for the Emergency Departments at PMC Escondido and PMC Poway.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <b>Methodology &amp; Response:</b>
	<b>ALTERNATIVES/IMPACT</b>	N/A
	<b>Duties</b>	<input type="checkbox"/> Provision for Staff Education <input type="checkbox"/> Provision for Medical Staff Education <input type="checkbox"/> Provision for participation in Quality Improvement <input type="checkbox"/> Provision for participation in budget process development
	<b>COMMENTS</b>	None.
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD-Committee – <input checked="" type="checkbox"/> Finance; <input checked="" type="checkbox"/> BOD

**OPHTHALMOLOGY CALL AGREEMENT  
NIKOLAS LONDON, M.D.**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, MBA, Chief Medical Officer

**Background:** This contract represents the Call Agreement with Nikolas London, M.D. Physician shall serve as a member of the On-Call Panel at Palomar Medical Center Escondido and Palomar Medical Center Poway on a rotating basis and provide Call Coverage for the specialty of Ophthalmology in accordance with the Medical Staff by-laws, rules and regulations, policies and procedures of Palomar Health.

Call coverage services to PH's patients will be according to a reasonable call schedule developed by the parties, regardless of payor class, to patients not currently assigned to a particular physician, patients who present to the emergency department, and to hospital patients, including inpatients, who may be assigned to a particular physician but who require consultation or other physician services from an on-call panel physician ophthalmology specialist per the terms of this Agreement.

**Budget Impact:** Budgeted.

**Staff Recommendation:**

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR HEALTH – AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	London, Nikolas M.D. - Ophthalmology Call Coverage Agreement
	<b>AGREEMENT DATE</b>	December 1, 2022
	<b>PARTIES</b>	Palomar Health and Nikolas London, M.D
	<b>PURPOSE</b>	PH desires to ensure that physicians practicing in the specialty of ophthalmology are available and on call to provide needed medical services at the Emergency Department of Palomar Medical Center Escondido and Palomar Medical Center Poway by contracting with Physician to provide such services per the terms of this Agreement.
	<b>SCOPE OF SERVICES</b>	To provide medical services in the specialty of ophthalmology at Hospital when called by rendering services to PH's patients according to a reasonable call schedule developed by the parties, regardless of payor class, to patients not currently assigned to a particular physician, patients who present to the emergency department, and to hospital patients, including inpatients, who may be assigned to a particular physician but who require consultation or other physician services from an on-call panel physician ophthalmology specialist per the terms of this Agreement and to otherwise provide the services required by this Agreement.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	<b>TERM</b>	December 1, 2022 – November 30, 2024
	<b>RENEWAL</b>	None.
	<b>TERMINATION</b>	Either party may terminate this agreement without cause upon ninety (90) days' prior written notice.
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – DATE COMPLETED: 5/31/2022
	<b>COMPENSATION METHODOLOGY</b>	Fair Market Value. The parties understand and agree that the payments made per this Agreement represent fair market value for legitimate and needed services actually provided without regard to volume or value of referrals or other business generated between the Parties.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	<b>JUSTIFICATION</b>	Need for continued Ophthalmology consultation call coverage for the Emergency Departments at PMC Escondido and PMC Poway.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <b>Methodology &amp; Response:</b>
	<b>ALTERNATIVES/IMPACT</b>	N/A
	<b>Duties</b>	<input type="checkbox"/> Provision for Staff Education <input type="checkbox"/> Provision for Medical Staff Education <input type="checkbox"/> Provision for participation in Quality Improvement <input type="checkbox"/> Provision for participation in budget process development
	<b>COMMENTS</b>	None.
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD-Committee – <input checked="" type="checkbox"/> Finance; <input checked="" type="checkbox"/> BOD

**PROFESSIONAL SERVICES AGREEMENT WITH  
REZA KHOSHINI, MD  
FOR ENDOSCOPIC ULTRASOUND COVERAGE – Amend 1**

**TO:** Board Finance Committee

**MEETING DATE:**

**FROM:** Omar Khawaja, MD, Chief Medical Officer

**Background:** This amended contract represents the Professional Services Agreement with Reza Khoshini, MD, for Endoscopic Ultrasound services at Palomar Medical Center for unassigned patients referred by other physicians on staff at Palomar Health.

**Budget Impact:** Budgeted

**Staff Recommendation:**

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR HEALTH – AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	1. Khoshini, Reza M.D. - EUS Procedures - Gastrointestinal (GI) Professional Services Agreement - 12.15.2020 2. Khoshini, Reza M.D. - EUS Procedures - Gastrointestinal (GI) Professional Services Agreement - 12.15.2022 – Amend 1
	<b>AGREEMENT DATE</b>	1. December 15, 2020 2. December 16, 2022
	<b>PARTIES</b>	Palomar Health, a California healthcare district (“PH”) and Reza Khoshini, M.D. (“Physician”)
	<b>PURPOSE</b>	PH desires to ensure that physicians practicing in the specialty of endoscopic ultrasound are available to provide needed medical services Palomar Medical Center by contracting with Physician to provide such services per the terms of this Agreement.
	<b>SCOPE OF SERVICES</b>	Physician is a member of the medical staff of Palomar Medical Center and is duly qualified by licensure, education, and training to practice in the specialty of endoscopic ultrasound and provide medical services at PH when called per the terms of this Agreement and to otherwise provide the services required by this Agreement.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	<b>TERM</b>	1. December 15, 2020 - December 15, 2022 2. December 16, 2022 – December 15, 2024
	<b>RENEWAL</b>	None.
	<b>TERMINATION</b>	Either party may terminate this agreement without cause upon ninety (90) days' prior written notice.
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – DATE COMPLETED: 11/04/2020
	<b>COMPENSATION METHODOLOGY</b>	Fair Market Value. The parties understand and agree that the payments made per this Agreement represent fair market value for legitimate and needed services actually provided without regard to volume or value of referrals or other business generated between the Parties.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	<b>JUSTIFICATION</b>	PH desires to ensure that physicians practicing in the specialty of endoscopic ultrasound are available to provide needed medical services Palomar Medical Center by contracting with Physician to provide such services per the terms of this Agreement.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <b>Methodology &amp; Response:</b>
	<b>ALTERNATIVES/IMPACT</b>	N/A
	<b>Duties</b>	<input type="checkbox"/> Provision for Staff Education <input type="checkbox"/> Provision for Medical Staff Education <input type="checkbox"/> Provision for participation in Quality Improvement <input type="checkbox"/> Provision for participation in budget process development
	<b>COMMENTS</b>	None.
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD-Committee – Finance; <input checked="" type="checkbox"/> BOD

**Palomar Medical Center Poway  
Administrative Services Agreement  
Medical Staff Department Chair**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, Chief Medical Officer

**Background:** Palomar Medical Center Poway Medical Staff Department Chairs are provided a stipend for services performed as required by the Medical Staff Bylaws. This agreement serves to document the relationship of the Medical Staff Department Chairs to Palomar Medical Center Poway and the duties to be performed as consideration for the stipend to assure compliance with federal regulations.

Presented is the Contract for the following Department Chair:

Chair, Department of OB/GYN – Maria Castillo, M.D.

**Budget Impact:** None.

**Staff Recommendation:** Approval

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR HEALTH – AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	Department Chair Agreement – OB/GYN
	<b>AGREEMENT DATE</b>	01/01/2023
	<b>PARTIES</b>	Maria Castillo, M.D. and Palomar Health
	<b>PURPOSE</b>	To provide administrative services on behalf of the Palomar Medical Center Poway Medical Staff in accordance with the Medical Staff Bylaws, Plans, and Policies.
	<b>SCOPE OF SERVICES</b>	As per duties defined in the Palomar Medical Center Poway Medical Staff Bylaws and Policies.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	<b>TERM</b>	01/01/2023-12/31/2024
	<b>RENEWAL</b>	None
	<b>TERMINATION</b>	As described under Section 5 of the contract.
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – DATE COMPLETED: 11/19/22
	<b>COMPENSATION METHODOLOGY</b>	Monthly
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	<b>JUSTIFICATION</b>	Department Chair position elected by the Medical Staff in accordance with the Medical Staff Bylaws.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <b>Methodology &amp; Response:</b> Elected by the Palomar Medical Center Poway Medical Staff.
	<b>ALTERNATIVES/IMPACT</b>	n/a
	<b>Duties</b>	<input type="checkbox"/> Provision for Staff Education <input type="checkbox"/> Provision for Medical Staff Education <input type="checkbox"/> Provision for participation in Quality Improvement <input type="checkbox"/> Provision for participation in budget process development <input checked="" type="checkbox"/> Defined in the Palomar Medical Center Poway Medical Staff Bylaws
	<b>COMMENTS</b>	
	<b>APPROVALS REQUIRED</b>	<input type="checkbox"/> VP <input type="checkbox"/> CFO <input type="checkbox"/> CEO <input type="checkbox"/> BOD Committee _____ <input type="checkbox"/> BOD

**Palomar Medical Center Poway  
Administrative Services Agreement  
Medical Staff Chief of Staff**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, Chief Medical Officer

**Background:** Palomar Medical Center Poway Medical Staff Chief of Staff is provided a stipend for services performed as required by the Medical Staff Bylaws. This agreement serves to document the relationship of the Medical Staff Chief of Staff to Palomar Medical Center Poway and the duties to be performed as consideration for the stipend to assure compliance with federal regulations.

Presented is the Contract for the Chief of Staff: Sam Filiciotto, M.D., Inc.

**Budget Impact:** None.

**Staff Recommendation:** Approval

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:** X

**Individual Action:**

**Information:**

**Required Time:**



## PALOMAR HEALTH – AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	Chief of Staff Agreement
	<b>AGREEMENT DATE</b>	01/01/2023
	<b>PARTIES</b>	Sam Filiciotto, M.D., Inc., and Palomar Medical Center Poway
	<b>PURPOSE</b>	To provide administrative services on behalf of the Palomar Medical Center Poway Medical Staff in accordance with the Medical Staff Bylaws, Plans, and Policies.
	<b>SCOPE OF SERVICES</b>	As per duties defined in the Palomar Medical Center Poway Medical Staff Bylaws and Policies.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> <b>Request For Proposal</b> <input checked="" type="checkbox"/> <b>Discretionary</b>
	<b>TERM</b>	01/01/2023-12/31/2025
	<b>RENEWAL</b>	None
	<b>TERMINATION</b>	As described under Section 5 of the contract.
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> – <b>DATE COMPLETED: 11/19/22</b>
	<b>COMPENSATION METHODOLOGY</b>	Monthly
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> – <b>IMPACT:</b>
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES</b> – <b>EXPLAIN:</b>
	<b>JUSTIFICATION</b>	Chief of Staff position elected by the Medical Staff in accordance with the Medical Staff Bylaws.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> <b>YES</b> <input checked="" type="checkbox"/> <b>NO</b> <b>Methodology &amp; Response:</b> Elected by the Palomar Medical Center Poway Medical Staff.
	<b>ALTERNATIVES/IMPACT</b>	n/a
	<b>Duties</b>	<input type="checkbox"/> <b>Provision for Staff Education</b> <input type="checkbox"/> <b>Provision for Medical Staff Education</b> <input type="checkbox"/> <b>Provision for participation in Quality Improvement</b> <input type="checkbox"/> <b>Provision for participation in budget process development</b> <input checked="" type="checkbox"/> <b>Defined in the Palomar Medical Center Poway Medical Staff Bylaws</b>
	<b>COMMENTS</b>	
	<b>APPROVALS REQUIRED</b>	<input type="checkbox"/> VP <input type="checkbox"/> CFO <input type="checkbox"/> CEO <input type="checkbox"/> BOD Committee _____ <input type="checkbox"/> BOD

**Palomar Medical Center Poway  
Administrative Services Agreement  
Medical Staff Chief of Staff-Elect**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, Chief Medical Officer

**Background:** Palomar Medical Center Poway Medical Staff Chief of Staff-Elect is provided a stipend for services performed as required by the Medical Staff Bylaws. This agreement serves to document the relationship of the Medical Staff Chief of Staff-Elect to Palomar Medical Center Poway and the duties to be performed as consideration for the stipend to assure compliance with federal regulations.

Presented is the Contract for the Chief of Staff-Elect: Mark Goldsworthy, M.D.

**Budget Impact:** None.

**Staff Recommendation:** Approval

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR HEALTH – AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	Chief of Staff-Elect Agreement
	<b>AGREEMENT DATE</b>	01/01/2023
	<b>PARTIES</b>	Mark Goldsworthy, M.D. and Palomar Health
	<b>PURPOSE</b>	To provide administrative services on behalf of the Palomar Medical Center Poway Medical Staff in accordance with the Medical Staff Bylaws, Plans, and Policies.
	<b>SCOPE OF SERVICES</b>	As per duties defined in the Palomar Medical Center Poway Medical Staff Bylaws and Policies.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	<b>TERM</b>	01/01/2023-12/31/2025
	<b>RENEWAL</b>	None
	<b>TERMINATION</b>	As described under Section 5 of the contract.
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – DATE COMPLETED: 11/19/22
	<b>COMPENSATION METHODOLOGY</b>	Monthly
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	<b>JUSTIFICATION</b>	Chief of Staff-Elect position elected by the Medical Staff in accordance with the Medical Staff Bylaws.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <b>Methodology &amp; Response:</b> Elected by the Palomar Medical Center Poway Medical Staff.
	<b>ALTERNATIVES/IMPACT</b>	n/a
	<b>Duties</b>	<input type="checkbox"/> Provision for Staff Education <input type="checkbox"/> Provision for Medical Staff Education <input type="checkbox"/> Provision for participation in Quality Improvement <input type="checkbox"/> Provision for participation in budget process development <input checked="" type="checkbox"/> Defined in the Palomar Medical Center Poway Medical Staff Bylaws
	<b>COMMENTS</b>	
	<b>APPROVALS REQUIRED</b>	<input type="checkbox"/> VP <input type="checkbox"/> CFO <input type="checkbox"/> CEO <input type="checkbox"/> BOD Committee _____ <input type="checkbox"/> BOD

**Palomar Medical Center Poway  
Administrative Services Agreement  
Medical Staff Committee Chair**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, Chief Medical Officer

**Background:** Palomar Medical Center Poway Medical Staff Quality Management Committee (QMC) Chair is provided a stipend for services performed as required by the Medical Staff Bylaws. This agreement serves to document the relationship of the QMC Chair to Palomar Medical Center Poway and the duties to be performed as consideration for the stipend to assure compliance with federal regulations.

Presented is the Contract for the QMC Chair: Mark Goldsworthy, M.D.

**Budget Impact:** None.

**Staff Recommendation:** Approval

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR HEALTH – AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	Quality Management Committee Chair Agreement
	<b>AGREEMENT DATE</b>	01/01/2023
	<b>PARTIES</b>	Mark Goldsworthy, M.D. and Palomar Health
	<b>PURPOSE</b>	To provide administrative services on behalf of the Palomar Medical Center Poway Medical Staff in accordance with the Medical Staff Bylaws, Plans, and Policies.
	<b>SCOPE OF SERVICES</b>	As per duties defined in the Palomar Medical Center Poway Medical Staff Bylaws and Policies.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	<b>TERM</b>	01/01/2023-12/31/2025
	<b>RENEWAL</b>	None
	<b>TERMINATION</b>	As described under Section 5 of the contract.
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – DATE COMPLETED: 11/19/22
	<b>COMPENSATION METHODOLOGY</b>	Monthly
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	<b>JUSTIFICATION</b>	QMC Chair position elected by the Medical Staff in accordance with the Medical Staff Bylaws.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <b>Methodology &amp; Response:</b> Elected by the Palomar Medical Center Poway Medical Staff.
	<b>ALTERNATIVES/IMPACT</b>	n/a
	<b>Duties</b>	<input type="checkbox"/> Provision for Staff Education <input type="checkbox"/> Provision for Medical Staff Education <input type="checkbox"/> Provision for participation in Quality Improvement <input type="checkbox"/> Provision for participation in budget process development <input checked="" type="checkbox"/> Defined in the Palomar Medical Center Poway Medical Staff Bylaws
	<b>COMMENTS</b>	
	<b>APPROVALS REQUIRED</b>	<input type="checkbox"/> VP <input type="checkbox"/> CFO <input type="checkbox"/> CEO <input type="checkbox"/> BOD Committee _____ <input type="checkbox"/> BOD

**MEDICAL DIRECTOR AGREEMENT - HARDEEP PHULL, M.D. (Amend 2)  
MEDICAL ONCOLOGY/INFUSION**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, MBA, Chief Medical Officer

**Background:** This amended agreement addresses the need for a medical director specifically for Palomar Health’s Medical Oncology/Infusion Services. The Medical Oncology/Infusion Program consists of PH Infusion, PH Radiation Oncology, and Arch (PH Foundation) Oncology. The Physician shall serve as medical director of the Program and shall be responsible for the medical direction of the Program and the performance of the other medical administrative services as set forth in the Agreement. Physician may perform similar duties within the scope of Physician’s responsibilities as Hospital may reasonably request to the extent permitted by applicable law. Hospital will provide Physician with a copy of its policies and procedures. Physician shall abide by all policies and procedures of the Medical Staff, provided that patient safety is not compromised and no federal, state or local laws are violated by following such policies.

**Budget Impact:** Budgeted

**Staff Recommendation:**

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

**PALOMAR HEALTH – AGREEMENT ABSTRACT**

<b>Section Reference</b>	<b>Term/Condition</b>	<b>Term/Condition Criteria</b>
	<b>TITLE</b>	<ol style="list-style-type: none"> <li>1. Phull, Hardeep S., M.D. - Medical Oncology Infusion Svcs - Medical Director Agreement - 6.8.2021</li> <li>2. Phull, Hardeep S., MD   Hematology Oncology Partners in Excellence Inc. - Med Onc Infusion Svcs - Medical Director Agrmt Assignment Acknowledgment and Agrmt 7.1.2021 - 10.28.2021 - 10.1.2021</li> <li>3. Phull, Hardeep S., MD Hematology Oncology Partners in Excellence Inc. - Med Oncology Infusion Svcs - Amend 2 to Medical Director Agreement - 1.1.2023</li> </ol>
	<b>AGREEMENT DATE</b>	<ol style="list-style-type: none"> <li>1. July 1, 2021</li> <li>2. October 28, 2021</li> <li>3. January 1, 2023</li> </ol>
	<b>PARTIES</b>	Palomar Health and Hardeep Phull, M.D.
	<b>PURPOSE</b>	Physician shall serve as medical director of the Medical Oncology/Infusion Program and shall be responsible for the medical direction of the Program and the performance of the other medical administrative services in accordance with this Agreement.
	<b>SCOPE OF SERVICES</b>	As Medical Director, Physician shall devote as much time as is reasonably necessary in performing the Medical Director services required under this Agreement to ensure the proper management of the Program.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> <b>Request For Proposal</b> <input checked="" type="checkbox"/> <b>Discretionary</b>
	<b>TERM</b>	<ol style="list-style-type: none"> <li>1. July 1, 2021, - December 31, 2022</li> <li>2. October 28, 2021 - December 31, 2022</li> <li>3. January 1, 2023 – December 31, 2024</li> </ol>
	<b>RENEWAL</b>	None.
	<b>TERMINATION</b>	Either party may terminate this Agreement without cause upon thirty (30) days' prior written notice.
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> – <b>DATE COMPLETED:</b> 6/30/2021
	<b>COMPENSATION METHODOLOGY</b>	The Parties hereby acknowledge and agree that the compensation hereunder is the product of bona fide arms-length negotiations and represents a commercially reasonable and fair market value payment for the Services to be furnished hereunder without regard to the volume or value of federal health care program or any other business generated by and among the Parties.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> – <b>IMPACT:</b>
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES</b> – <b>EXPLAIN:</b>
	<b>JUSTIFICATION</b>	Hospital owns and operates several acute hospitals and other facilities, which require physician leadership and support of the Medical Oncology/Infusion Program.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> <b>YES</b> <input checked="" type="checkbox"/> <b>NO</b> <b>Methodology &amp; Response:</b>
	<b>ALTERNATIVES/IMPACT</b>	N/A
	<b>Duties</b>	<input checked="" type="checkbox"/> <b>Provision for Staff Education</b> <input checked="" type="checkbox"/> <b>Provision for Medical Staff Education</b> <input checked="" type="checkbox"/> <b>Provision for participation in Quality Improvement</b> <input checked="" type="checkbox"/> <b>Provision for participation in budget process development</b>
	<b>COMMENTS</b>	None.
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> <b>VP</b> <input checked="" type="checkbox"/> <b>X-CFO</b> <input type="checkbox"/> <b>CEO</b> <input checked="" type="checkbox"/> <b>X-BOD-Committee</b> – <b>Finance</b> ; <input checked="" type="checkbox"/> <b>X-BOD</b>

**Palomar Medical Center Poway  
Administrative Services Agreement  
Medical Staff Department Chair**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, Chief Medical Officer

**Background:** Palomar Medical Center Poway Medical Staff Department Chairs are provided a stipend for services performed as required by the Medical Staff Bylaws. This agreement serves to document the relationship of the Medical Staff Department Chairs to Palomar Medical Center Poway and the duties to be performed as consideration for the stipend to assure compliance with federal regulations.

Presented is the Contract for the following Department Chair:

Chair, Department of Psychiatry – Jason Keri, M.D.

**Budget Impact:** None.

**Staff Recommendation:** Approval

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**



## PALOMAR HEALTH – AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	Department Chair Agreement – Psychiatry
	<b>AGREEMENT DATE</b>	01/01/2023
	<b>PARTIES</b>	Jason Keri, M.D. and Palomar Health
	<b>PURPOSE</b>	To provide administrative services on behalf of the Palomar Medical Center Poway Medical Staff in accordance with the Medical Staff Bylaws, Plans, and Policies.
	<b>SCOPE OF SERVICES</b>	As per duties defined in the Palomar Medical Center Poway Medical Staff Bylaws and Policies.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	<b>TERM</b>	01/01/2023-12/31/2024
	<b>RENEWAL</b>	None
	<b>TERMINATION</b>	As described under Section 5 of the contract.
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – DATE COMPLETED: 11/19/22
	<b>COMPENSATION METHODOLOGY</b>	Monthly
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	<b>JUSTIFICATION</b>	Department Chair position elected by the Medical Staff in accordance with the Medical Staff Bylaws.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <b>Methodology &amp; Response:</b> Elected by the Palomar Medical Center Poway Medical Staff.
	<b>ALTERNATIVES/IMPACT</b>	n/a
	<b>Duties</b>	<input type="checkbox"/> Provision for Staff Education <input type="checkbox"/> Provision for Medical Staff Education <input type="checkbox"/> Provision for participation in Quality Improvement <input type="checkbox"/> Provision for participation in budget process development <input checked="" type="checkbox"/> Defined in the Palomar Medical Center Poway Medical Staff Bylaws
	<b>COMMENTS</b>	
	<b>APPROVALS REQUIRED</b>	<input type="checkbox"/> VP <input type="checkbox"/> CFO <input type="checkbox"/> CEO <input type="checkbox"/> BOD Committee _____ <input type="checkbox"/> BOD

## Palomar Medical Center Escondido – Administrative Services Agreement Medical Staff Department Chairs/Officers Bulk Stipend Agreement

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, M.D., Chief Medical Officer

**Background:** Palomar Medical Center Escondido Medical Staff Officers and Department and Committee Chairs are provided a stipend for services performed as required by the Medical Staff Bylaws. This agreement serves to document the relationship of the Medical Staff Department and Committee Chairs to Palomar Health, and the duties to be performed as consideration for the stipend to assure compliance with Federal regulations.

Presented is the Contract for all of the Palomar Medical Center Escondido Medical Staff Leadership.

Kanchan Koirala, M.D. – Chief of Staff	Bradley Harward, M.D. – Education Library Committee Chair
Graham Davis, D.O. – Dept. Anesthesia Chair	Andrew Nguyen, M.D. – Chief of Staff-Elect/QMC Chair
Alejandro Paz, M.D. – Dept. Family Medicine Chair	Bruce Friedberg, M.D. – Dept. Emergency Medicine Chair
Paul Hinshaw, D.O. – Dept. OB/GYN Chair	Steven Zgliniec, M.D. – Dept. Medicine Chair
Lachlan Macleay, M.D. – Pathology Chair	Patrick O’Meara, M.D. – Dept. Ortho Chair
Denise Suttner, M.D. – Dept. Pediatrics Chair	Jason Keri, M.D. – Dept. Psychiatry Chair
Charles McGraw, M.D. – Dept. Radiology Chair	Gregory Campbell, M.D. – Dept. Surgery Chair & OR Committee Chair
John Steele, M.D. – Dept. Trauma Chair	Paul Polishuk, M.D. – Dept. Urology Chair
Christian McClung, M.D. – MSPRC Chair	Khaldoun Abouelhosn, M.D. – Secretary/Treasurer

**Budget Impact:** Budgeted

**Staff Recommendation:** Approval

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

**PALOMAR HEALTH – AGREEMENT ABSTRACT**

<b>Section Reference</b>	<b>Term/Condition</b>	<b>Term/Condition Criteria</b>
	<b>TITLE</b>	Palomar Medical Center Escondido Medical Staff Bulk Stipend/Department Chairs/Officers Agreement
	<b>AGREEMENT DATE</b>	01/01/2023
	<b>PARTIES</b>	Palomar Health and (for 2023) Kanchan Koirala, M.D. – Chief of Staff Andrew Nguyen, M.D. – Chief of Staff-Elect/QMC Chair Graham Davis, D.O. – Dept. Anesthesia Chair Bruce Friedberg, M.D. – Dept. Emergency Medicine Chair Alejandro Paz, M.D. – Dept. Family Medicine Chair Steven Zgliniec, M.D. – Dept. Medicine Chair Paul Hinshaw, D.O. – Dept. OB/GYN Chair Patrick O’Meara, M.D. – Dept. Ortho Chair Lachlan Macleay, M.D. – Dept. Pathology Chair Khalidoun Abouelhosn, M.D. – Secretary/Treasurer Denise Suttner, M.D. – Dept. Pediatrics Chair Jason Keri, M.D. – Dept. Psychiatry Chair Charles McGraw, M.D. – Dept. Radiology Chair Greg Campbell, M.D. – Dept. Surgery Chair/OR Committee Chair John Steele, M.D. – Dept. Trauma Chair Paul Polishuk, M.D. – Dept. Urology Chair Christian McClung, M.D. – MSPRC Chair Bradley Harward, M.D. – Education Library Committee Chair
	<b>PURPOSE</b>	To provide administrative services on behalf of the Palomar Medical Center Escondido Medical Staff in accordance with Medical Staff Bylaws, Plans and Policies.
	<b>SCOPE OF SERVICES</b>	As per duties defined in the Palomar Medical Center Escondido Medical Staff Bylaws and Policies.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	<b>TERM</b>	Jan 1, 2023– December 31, 2024
	<b>RENEWAL</b>	None.
	<b>TERMINATION</b>	As described in section 7.
	<b>COMPENSATION METHODOLOGY</b>	Monthly
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No – Date Completed: 11/19/2022
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	<b>JUSTIFICATION</b>	Positions elected by the Medical Staff in accordance with Medical Staff Bylaws.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <b>Methodology &amp; Response:</b> Elected by the Palomar Medical Center Escondido Medical Staff
	<b>ALTERNATIVES/IMPACT</b>	N/A
	<b>Duties</b>	<input type="checkbox"/> Provision for Staff Education <input type="checkbox"/> Provision for Medical Staff Education <input type="checkbox"/> Provision for participation in Quality Improvement <input type="checkbox"/> Provision for participation in budget process development <input checked="" type="checkbox"/> Defined in the Palomar Medical Center Escondido Medical Staff Bylaws
	<b>COMMENTS</b>	
	<b>APPROVALS REQUIRED</b>	<input type="checkbox"/> VP <input type="checkbox"/> CFO <input type="checkbox"/> CEO <input type="checkbox"/> BOD Committee <input type="checkbox"/> BOD

**Palomar Medical Center Poway  
Administrative Services Agreement  
Medical Staff Department Chair**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, Chief Medical Officer

**Background:** Palomar Medical Center Poway Medical Staff Department Chairs are provided a stipend for services performed as required by the Medical Staff Bylaws. This agreement serves to document the relationship of the Medical Staff Department Chairs to Palomar Medical Center Poway and the duties to be performed as consideration for the stipend to assure compliance with federal regulations.

Presented is the Contract for the following Department Chair:

Chair, Department of Anesthesia – Paul Ritchie, M.D.

**Budget Impact:** None.

**Staff Recommendation:** Approval

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR HEALTH – AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	Department Chair Agreement – Anesthesia Services
	<b>AGREEMENT DATE</b>	01/01/2023
	<b>PARTIES</b>	Paul Ritchie, M.D. and Palomar Health
	<b>PURPOSE</b>	To provide administrative services on behalf of the Palomar Medical Center Poway Medical Staff in accordance with the Medical Staff Bylaws, Plans, and Policies.
	<b>SCOPE OF SERVICES</b>	As per duties defined in the Palomar Medical Center Poway Medical Staff Bylaws and Policies.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	<b>TERM</b>	01/01/2023-12/31/2024
	<b>RENEWAL</b>	None
	<b>TERMINATION</b>	As described under Section 5 of the contract.
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – DATE COMPLETED: 11/19/22
	<b>COMPENSATION METHODOLOGY</b>	Monthly
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	<b>JUSTIFICATION</b>	Department Chair position elected by the Medical Staff in accordance with the Medical Staff Bylaws.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <b>Methodology &amp; Response:</b> Elected by the Palomar Medical Center Poway Medical Staff.
	<b>ALTERNATIVES/IMPACT</b>	n/a
	<b>Duties</b>	<input type="checkbox"/> Provision for Staff Education <input type="checkbox"/> Provision for Medical Staff Education <input type="checkbox"/> Provision for participation in Quality Improvement <input type="checkbox"/> Provision for participation in budget process development <input checked="" type="checkbox"/> Defined in the Palomar Medical Center Poway Medical Staff Bylaws
	<b>COMMENTS</b>	
	<b>APPROVALS REQUIRED</b>	<input type="checkbox"/> VP <input type="checkbox"/> CFO <input type="checkbox"/> CEO <input type="checkbox"/> BOD Committee _____ <input type="checkbox"/> BOD

**MEDICAL DIRECTOR AGREEMENT  
CARDIAC REHAB SERVICES  
ROBERT STEIN, MD**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, CMO

**Background:** This is an agreement between Palomar Health and Robert Stein, M.D., for medical directorship of the cardiac rehab services program at Palomar Health. Hospital and physician have agreed that physician will manage, generally supervise, and direct the medical administrative operations of the program in accordance with the agreement. Physician shall abide by all policies and procedures of the Medical Staff.

**Budget Impact:** Budgeted

**Staff Recommendation:**

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR HEALTH – AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	Stein, Robert MD - Cardiac Rehab - Medical Director Agreement
	<b>AGREEMENT DATE</b>	January 1, 2023
	<b>PARTIES</b>	Palomar Health and Robert Stein, M.D.
	<b>PURPOSE</b>	Hospital owns and operates several acute hospitals and other facilities which require physician leadership and support of the Cardiac Rehab Services Unit/Program at Palomar Health.
	<b>SCOPE OF SERVICES</b>	Hospital and Physician have agreed that Physician will manage, generally supervise, and direct the medical administrative operations of the Unit/Program in accordance with this Agreement.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	<b>TERM</b>	January 1, 2023 to December 31, 2023
	<b>RENEWAL</b>	None
	<b>TERMINATION</b>	Either party may terminate this Agreement without cause upon thirty (30) days' prior written notice.
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – DATE COMPLETED: 12/02/2022
	<b>COMPENSATION METHODOLOGY</b>	<b>Fair Market Value</b>
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	<b>JUSTIFICATION</b>	Hospital owns and operates several acute hospitals and other facilities which require physician leadership and support of the Cardiac Rehab Services Unit/Program.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <b>Methodology &amp; Response:</b>
	<b>ALTERNATIVES/IMPACT</b>	N/A
	<b>Duties</b>	<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
	<b>COMMENTS</b>	None.
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> -VP <input checked="" type="checkbox"/> -CFO <input type="checkbox"/> CEO <input checked="" type="checkbox"/> -BOD-Committee – Finance; <input checked="" type="checkbox"/> -BOD

**Palomar Health Forensic Health Services Pediatric Sexual Abuse  
Response Team Coverage Agreement**

**TO:** Board Finance Committee

**MEETING DATE:**

**FROM:** Virginia A. Barragan, FACHE, PT, MOMT, DPT Vice President Continuum Care  
Michelle Shores, RN, MSN, MBA-HC, CEN, Director Forensic Health Services

**Background:**

Palomar Health and Rady Children’s Hospital Chadwick Center both operate nationally accredited Child Advocacy Centers (CAC). Linkage agreements that allow additional expert review and evaluation of complex child abuse cases are recommended by national accreditation standards. This agreement will allow Palomar Health Forensic Health Services to submit a request to the Rady Children’s Chadwick Center Child Abuse pediatrician to perform a formal medical chart review for complex child forensic medical exams if requested by the current Palomar Health Forensic Health Services Medical Director Dr. Nicole Ayson. The Child Abuse Pediatrician would submit an invoice for their time and report at a flat rate per chart as defined in the contract. This service has not frequently been used but is crucial to have available if needed.

This contract also allows for the Palomar Health Forensic Health Services specialty trained forensic nurses to provide night, weekend, and holiday coverage for the Chadwick center that is compensated to Palomar Health.

**Budget Impact:** Budgeted

**Staff Recommendation:** Approval

**Committee Questions:**

<p><b>COMMITTEE RECOMMENDATION:</b></p> <p><b>Motion:</b></p> <p><b>Individual Action:</b></p> <p><b>Information:</b></p> <p><b>Required Time:</b></p>
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## PALOMAR HEALTH – AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	Pediatric Sexual Assault Coverage Agreement
	<b>AGREEMENT DATE</b>	Effective date is January 1, 2023
	<b>PARTIES</b>	Rady Children’s Hospital Chadwick Center for Children and Families
	<b>PURPOSE</b>	Palomar Health desires to utilize additional Child Abuse Pediatrician at South County Child Advocacy Center for complex chart review and pay provider for that time when determined by medical director.  Additionally, the contract allows Palomar Health Forensic Health Services Nurses to provide afterhours weekend and holiday coverage at Rady.
	<b>SCOPE OF SERVICES</b>	Professional Services: Contractor shall provide Forensic Examinations chart review as necessary.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> <b>Request For Proposal</b> <input checked="" type="checkbox"/> <b>Discretionary</b>
	<b>TERM</b>	Amendment 2 Effective January 1, 2023, expires December 31, 2023.
	<b>RENEWAL</b>	None
	<b>TERMINATION</b>	This Agreement shall terminate on December 31, 2023 unless earlier terminated in accordance with the terms of this Agreement.
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO – DATE COMPLETED: 01/13/2021</b>
	<b>COMPENSATION METHODOLOGY</b>	Professional and administrative services will be paid by hospital on a monthly basis
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO – IMPACT: \$6,000 administrative</b>
	<b>EXCLUSIVITY</b>	<input type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES – EXPLAIN:</b>
	<b>JUSTIFICATION</b>	Linkage agreement and service agreement for chart review for complicated cases and use of forensic nurses for coverage at Rady.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> <b>Methodology &amp; Response:</b>
	<b>ALTERNATIVES/IMPACT</b>	Best practice to have a second formal case review opinion on difficult cases.
	<b>Duties</b>	<input checked="" type="checkbox"/> <b>Provision for Staff Education</b> <input checked="" type="checkbox"/> <b>Provision for Medical Staff Education</b> <input checked="" type="checkbox"/> <b>Provision for participation in Quality Improvement</b> <input checked="" type="checkbox"/> <b>Provision for participation in budget process development</b>
	<b>COMMENTS</b>	This linkage agreement is required for national accreditation to have a second opinion on difficult cases.
	<b>APPROVALS REQUIRED</b>	<input type="checkbox"/> VP <input type="checkbox"/> CFO <input type="checkbox"/> CEO <input type="checkbox"/> BOD Committee _____ <input type="checkbox"/> BOD

**PROFESSIONAL SERVICES AGREEMENT**  
**Obstetrics and Gynecologic Physician Coverage (Amend 2)**

**TO:** Board Finance Committee

**MEETING DATE:** Thursday, May 4, 2023

**FROM:** Omar Khawaja, MD, MBA, Chief Medical Officer

**Background:** Palomar Medical Center Escondido provides women services in OB/GYN. These women’s health programs require an Obstetrician and Gynecologist to be in-house on a 24-hour, 7 days per week basis. OBHG will continue to provide coverage and related services and will additionally assist with maintaining the obstetrics emergency department at the Hospital’s facility.

**Budget Impact:** Budgeted.

**Staff Recommendation:** Approval recommended

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR HEALTH – AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	<ol style="list-style-type: none"> <li>OB Hospitalist Group aka OBHG California, P.C. - Professional Services Agreement - 4.30.2021.</li> <li>OB Hospitalist Group aka OBHG California, P.C. - Amendment 1 to Professional Services Agreement 4.30.2021 - 7.1.2022.</li> <li>OB Hospitalist Group aka OBHG California, P.C. - Amendment 2 to Professional Services Agreement - 2.1.2023.</li> </ol>
	<b>AGREEMENT DATE</b>	<ol style="list-style-type: none"> <li>April 30, 2021</li> <li>July 1, 2022</li> <li>February 1, 2023</li> </ol>
	<b>PARTIES</b>	Palomar Health, a California healthcare district, and OBHG California, P.C., a California professional corporation (“OBHG”);.
	<b>PURPOSE</b>	To provide in-house obstetrical and gynecological coverage on a 24-hour, 7 days per week basis, as well as development of an obstetrics emergency department.
	<b>SCOPE OF SERVICES</b>	Provide in-house physician coverage for unassigned or emergent obstetric patients, provide consultative services and possible surgical services for unassigned emergent gynecologic patients; respond to all unassigned walk-in obstetrical and gynecologic calls/consults in ED or elsewhere in hospital; assist with discharge planning, including assistance with arranging for follow-up consultation and to otherwise provide the services required by in this Agreement.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> <b>Request For Proposal</b> <span style="margin-left: 100px;"><input checked="" type="checkbox"/> <b>Discretionary</b></span>
	<b>TERM</b>	<ol style="list-style-type: none"> <li>April 30, 2021 – May 1, 2024</li> <li>July 1, 2022 - May 1, 2024</li> <li>February 1, 2023 – January 31, 2026</li> </ol>
	<b>RENEWAL</b>	None
	<b>TERMINATION</b>	30 days if breached; termination upon bankruptcy; termination due to violation of patient health, safety.
	<b>FAIR MARKET VALUATION</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> – <b>DATE COMPLETED: 07/26/2021</b>
	<b>COMPENSATION METHODOLOGY</b>	Based on Fair Market Value and Commercial Reasonableness.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> – <b>IMPACT:</b>
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES</b> – <b>EXPLAIN:</b>
	<b>JUSTIFICATION</b>	Hospital desires to retain OBHG to provide 24/7 Ob/Gyn coverage and other services described in this Agreement
	<b>AGREEMENT NOTICED</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> <b>Methodology &amp; Response:</b>
	<b>ALTERNATIVES/IMPACT</b>	None
	<b>Duties</b>	<input checked="" type="checkbox"/> <b>Provision for Staff Education</b> <input checked="" type="checkbox"/> <b>Provision for Medical Staff Education</b> <input checked="" type="checkbox"/> <b>Provision for participation in Quality Improvement</b> <input type="checkbox"/> <b>Provision for participation in budget process development</b>
	<b>COMMENTS</b>	None.
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> <b>VP</b> <input checked="" type="checkbox"/> <b>CFO</b> <input type="checkbox"/> <b>CEO</b> <input checked="" type="checkbox"/> <b>BOD Committee Finance</b> <input checked="" type="checkbox"/> <b>BOD</b>

# ADDENDUM D

## Fiscal Year 2023 Financial Performance

\*Supplemental Section includes Palomar Health Medical Group (PHMG)  
and Consolidating Schedules

March 2023

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# Monthly Management Discussion and Analysis

## Summary Results of Operations for the Period Ended March 31, 2023

Income from operations for the month was \$700 thousand, unfavorable to budget by \$3.9 million. Net income from operation for third quarter is \$1.8 million, unfavorable to budget by \$11.3 million. The year-to-date income from operations was \$6.8 million with a \$35.0 million unfavorable variance. Net loss for the month was \$770 thousand, unfavorable to budget by \$3.9 million. Net loss year-to-date was \$1 million and unfavorable variance of \$38.7 million.

EBIDA margin for the month of March was unfavorable to budget by 9.7% and year-to-date EBIDA margin was unfavorable to budget by 4.1%. Additional comments and further analyses are presented in the following sections.

### **Patient Utilization**

#### Inpatient (IP) Services

For the month of March, Acute Discharges for the District were (1.0%) unfavorable to budget. Average Daily Census was (4.4%) favorable to budget. Adjusted Discharges were 3,577, which was 169 (5.0%) favorable to budget. Adjusted Patient Days were 20,002, which was 1,450 (7.8%) favorable to budget. Case Mix Index for both campuses, excluding deliveries, was 1.62, which was (5.5%) unfavorable to budget.

IP surgeries for PMC Escondido and PMC Poway for the month were 523 cases (includes CVS), which were 67 cases (11.4%) unfavorable to budget.

Deliveries for PMC Escondido and PMC Poway for the month were 353, which were 88 deliveries (19.9%) unfavorable to budget. For the month, Trauma admissions were 111, which was 3.5% unfavorable to budget.

#### Outpatient (OP) and Ancillary Services

OP surgeries for PMC Escondido and PMC Poway for the month were 565 cases, which were 86 cases (18.0%) favorable to budget. Outpatient ER visits for the month were 10,125 visits (includes trauma), which were 995 visits (10.9%) favorable to budget. OP registrations for the month were 10,683, which were (3.9%) favorable to budget. ER admissions for the month were 1,463, which were (17.4%) unfavorable to budget.

# Monthly Management Discussion and Analysis

## Summary Results of Operations for the Period Ended March 31, 2023

### **Financial Performance**

#### Operating Revenue

Net Patient Revenue for the month was \$73.3 million, which was \$951 thousand (1.3%) unfavorable to budget.

#### Other Operating Revenue

Other Operating Revenue for the month was \$930 thousand, which was \$117 thousand (14.3%) favorable to budget.

#### Operating Expenses

Total Operating Expenses for the month were \$73.5 million, which was \$3.1 million (4.4%) unfavorable to budget.

Salaries, Wages & Contract Labor for the month were \$36.1 million, which was \$4.5 million (14.4%) favorable to budget.

Benefits for the month were \$6.9 million, which was \$2.5 million (26.5%) unfavorable to budget.

Supplies for the month were \$11.1 million, which was \$944 thousand (9.3%) favorable to budget.

Professional Fees and Purchased Services for the month were \$12.0 million, which was \$207 thousand (1.7%) unfavorable to budget.

Depreciation & Amortization for the month was \$3.8 million, which was \$60 thousand (1.6%) favorable to budget.

Other Direct Expenses for the month were \$3.6 million, which was \$224 thousand (6.6%) favorable to budget.

# Monthly Management Discussion and Analysis

## Summary Results of Operations for the Period Ended March 31, 2023

### Net Non-Operating Income/Expense

Net Non-Operating Income for the month was \$1.5 million, which was \$1.1 million unfavorable to budget due to interest expense.

### **Payor Mix, Net Days in Accounts Receivable (A/R) and Cash Collections**

The percentages of Gross Patient Service Revenue from the Medicare, Managed Care Medicare, Managed Care, Medi-Cal and Managed Care Medi-Cal financial classes for the month were consistent with budget. Cash postings were \$61.0 million. Days in Net A/R are 77.2, an increase of 0.1 days from February.

### **Revenue Cycle - Key Performance Indicators (KPIs)**

Key Performance Indicators (KPI)	January 2021	January 2023	February 2023	March 2023	Target
Total Net A/R (\$) <sup>1</sup>	\$137,851,805	\$182,315,584	\$181,976,823	\$184,683,827	
Net Days in A/R (Days) (3-months)	64.6	78.4	77.1	77.2	61.0-63.0
DNFB (Days)	2.0	1.3	1.7	1.7	3.0
Urgent Insurance Verification (DDC) (%)	98.9%	n/a	n/a	n/a	98.0%
Elective IP Insurance Verification (Average Secure) (%)	93.8%	n/a	n/a	n/a	98.0%
Elective OP Insurance Verification (Average Secure) (%)	97.9%	n/a	n/a	n/a	98.0%
True Cash Denial (%)	5.2%	6.3%	5.5%	5.7%	6.0%

<sup>1</sup> Total Net A/R (\$) does not have a FY2022 Target as \$ is dependent on Gross Revenue

Please see Appendix A, which contains a glossary of the Key Performance Indicators presented above.

### **Balance Sheet**

Cash, Cash Equivalents and Investments increased in March by \$13.4 million from the previous month due to released restricted assets.

**The Days Cash On Hand ratio** increased by 6.0 days from the prior month to 51.7 days.



# Monthly Management Discussion and Analysis - APPENDIX A

## Glossary of Terms: Revenue Cycle Key Performance Indicators

**Total Net A/R:** This is the total amount of accounts receivable which management expects to collect from patients, insurance companies, Medicare and Medi-Cal, in future months, for services to patients through the end of the current accounting period. This number is computed by subtracting estimated contractual adjustments, bad debts and charity write-offs from gross accounts receivable.

**Net Days in A/R (Days):** The full name for this performance indicator is “Net Days of Revenue in Net Accounts Receivable.” This statistic is a measure of the effectiveness of the organization’s collections of revenue. For example, if the organization has average daily net revenues of \$2 million and \$140 million in Net A/R, then the organization has 70 days of net revenue/potential cash (\$140M divided by \$2M) tied up in its Accounts Receivable.

**DNFB (Days):** The full name for this performance indicator is **D**ischarged **N**ot **F**inal **B**illed Revenue. Before a hospital bill can be completed and sent to an insurance company, patient, Medicare or Medi-Cal certain information must be completed and entered in the system and submitted as components of the bill. This information includes specific codes for the services performed using the **C**urrent **P**rocedural **T**erminology codes (CPT-4) as defined by the American Medical Association or the **H**ealthcare **C**ommon **P**rocedure **C**oding **S**ystem (HCPCS) as defined by the Medicare Program. Additionally, the **I**nternational **C**lassification of **D**isease codes (ICD-10) which define a patient’s various illnesses must be included in the billing information. This information is inserted in the patient billing information by employees certified in these coding methodologies based on information in the patient’s medical record. Certified coding specialists rely heavily on clinical information supplied by the patient and physicians including History and Physical Reports, Operative Reports and Discharge Summaries. This performance indicator measures the effectiveness of the billing process. Bills cannot be collected if they are not submitted and this indicator shows the average time required between the time a patient is discharged and the time the bill is submitted. The lower the number the better the performance. A number below 3.0 is considered best practice.

**Urgent Insurance Verification (DDC) (%):** In order to ensure the organization is properly paid for its services it needs to confirm the patient is insured and whether the patient’s insurance covers the services to be rendered. Additionally, some insurers and HMOs require a pre-authorization or pre-certification before they will authorize payment for the services. This verification must be performed very quickly for certain patients. Failure to verify insurance and obtain pre-authorizations, if necessary, significantly reduces the probability of collecting for the services rendered. This performance metric measures the percentage of time insurance verification is obtained for urgent cases prior to the service being rendered. A higher percentage is better. A percentage in excess of 98% is considered best practice.

**Elective IP Insurance Verification (Average Secure) (%)**: In order to ensure the organization is properly paid for its services it needs to confirm the patient is insured and whether the patient's insurance covers the services to be rendered. Additionally, some insurers and HMOs require a pre-authorization or pre-certification before they will authorize payment for services. For inpatient elective procedures/cases, this verification process is critical for payment. Failure to verify insurance and obtain pre-authorizations, if necessary, significantly reduces the probability of collecting for the services rendered. This performance metric measures the percentage of time insurance verification is obtained for elective inpatient cases prior the service billing rendered. A higher percentage is better. A percentage of 95% is considered best practice.

**Elective OP Insurance Verification (Average Secure) (%)**: In order to ensure the organization is properly paid for its services it needs to confirm the patient is insured and whether the patient's insurance covers the services to be rendered. Additionally, some insurers and HMOs require a pre-authorization or pre-certification before they will authorize payment for services. For outpatient elective procedures/cases, this verification process is critical for payment. Failure to verify insurance and obtain pre-authorizations, if necessary, significantly reduces the probability of collecting for the services rendered. This performance metric measures the percentage of time insurance verification is obtained for elective outpatient cases prior the service billing rendered. A higher percentage is better. A percentage of 95% is considered best practice.

**True Cash Denial Rate (%)**: Once claims (bills) are submitted, insurance companies, Medicare and Medi-Cal may deny those claims. Denials may occur for several reasons including:

- Insurance was not valid for the name patient
- The procedure performed was not covered by the patient's insurance
- The provider did not obtain pre-authorization to perform the procedure
- The procedure was not medically necessary
- The bill was received outside the contractually agreed upon timetable

This performance indicator measures whether the organization's processes for insurance verification, obtaining pre-authorization, medical necessity verification and timely billing are working effectively. The measurement is computed by dividing the dollar value of the denials for a twelve-month period by the total annual billings for that same period. A lower percentage indicates better performance with a percentage below 10% is considered best practice.

Prior to Fiscal Year 2021, gross charges were reflected instead of the true cash/AR balance at risk.

	Month to Date				Year to Date			
	Actual	Budget	Variance	Prior Year	Actual	Budget	Variance	Prior Year
	Mar-23	Mar-23		Mar-22	Mar-23	Mar-23		Mar-22
<b>Key Volumes</b>								
<b>Discharges - Total</b>	<b>2,104</b>	<b>2,145</b>	<b>(1.9%)</b>	<b>2,035</b>	<b>18,985</b>	<b>21,556</b>	<b>(11.9%)</b>	<b>18,295</b>
Acute - General	2,017	2,002	0.8%	1,900	18,095	20,302	(10.9%)	17,163
Acute Behavioral Health	36	72	(50.0%)	73	425	635	(33.1%)	610
Total Acute Discharges	2,053	2,074	(1.0%)	1,973	18,520	20,937	(11.5%)	17,773
The Villas at Poway	51	71	(28.2%)	62	465	619	(24.9%)	522
<b>Patient Days - Total</b>	<b>13,121</b>	<b>12,914</b>	<b>1.6%</b>	<b>12,418</b>	<b>110,008</b>	<b>125,076</b>	<b>(12.1%)</b>	<b>112,895</b>
Acute - General	9,316	8,459	10.1%	8,432	78,270	86,314	(9.3%)	78,059
Acute Behavioral Health	349	797	(56.2%)	777	3,521	6,982	(49.6%)	6,953
Total Acute Patient Days	9,665	9,256	4.4%	9,209	81,791	93,296	(12.3%)	85,012
The Villas at Poway	3,456	3,658	(5.5%)	3,209	28,217	31,780	(11.2%)	27,883
Acute Adjusted Discharges	3,514	3,337	5.3%	3,297	31,172	33,691	(7.5%)	28,422
Total Adjusted Discharges*	3,577	3,408	5.0%	3,380	31,751	34,310	(7.5%)	29,096
Acute Adjusted Patient Days	16,543	14,894	11.1%	15,388	137,563	150,121	(8.4%)	135,811
Total Adjusted Patient Days*	20,002	18,552	7.8%	18,597	165,783	181,901	(8.9%)	163,694
Acute Average Daily Census	312	299	4.4%	297	299	340	(12.3%)	310
Total Average Daily Census*	423	417	1.6%	401	401	456	(12.1%)	412
<b>Surgeries - Total</b>	<b>1,088</b>	<b>1,069</b>	<b>1.8%</b>	<b>1,090</b>	<b>9,025</b>	<b>8,811</b>	<b>2.4%</b>	<b>8,650</b>
Inpatient	523	590	(11.4%)	532	4,437	4,822	(8.0%)	4,244
Outpatient	565	479	18.0%	558	4,588	3,989	15.0%	4,406
Deliveries	353	441	(19.9%)	353	3,488	3,882	(10.1%)	3,055
<b>ER Visits (Includes Trauma) - Total</b>	<b>11,588</b>	<b>10,902</b>	<b>6.3%</b>	<b>10,754</b>	<b>101,377</b>	<b>96,717</b>	<b>4.8%</b>	<b>88,202</b>
Inpatient	1,463	1,772	(17.4%)	1,479	13,162	15,259	(13.7%)	12,884
Outpatient	10,125	9,130	10.9%	9,275	88,215	81,458	8.3%	75,318

\* Includes The Villas at Poway

	Month to Date				Year to Date			
	Actual	Budget	Variance	Prior Year	Actual	Budget	Variance	Prior Year
	Mar-23	Mar-23		Mar-22	Mar-23	Mar-23		Mar-22
<b>Key Statistics</b>								
Acute Average LOS - Days	4.71	4.44	(5.9%)	4.67	4.42	4.45	0.6%	4.78
Acute - General	4.62	4.23	(9.3%)	4.44	4.33	4.25	(1.7%)	4.55
Acute Behavioral Health	9.69	11.07	12.4%	10.64	8.28	11.00	24.7%	11.40
Average Observation Hours	29	29	0.0%	29	31	28	(10.7%)	28
Acute Case Mix-Excludes Deliveries	1.62	1.71	(5.5%)	1.71	1.62	1.63	(0.7%)	1.63
Acute Case Mix-Medicare Only	1.79	1.95	(8.1%)	1.95	1.83	1.84	(0.1%)	1.84
Labor Productivity by Hrs					102.8%	100.0%	2.8%	107.0%
Days Cash on Hand					51.7			123.7
<b>Financial Performance</b>								
Operating Income	700,119	4,617,870	(3,917,751)	248,246	6,873,087	41,876,741	(35,003,654)	32,344,230
Net Income	(770,226)	4,208,146	(4,978,372)	(3,224,782)	(1,031,851)	37,702,376	(38,734,227)	25,450,484
Oper. Expenses/Adj. Patient Days	3,482	3,592	3.0%	3,441	3,594	3,311	(8.6%)	3,299
EBIDA Margin-Excludes PHMG	9.7%	13.9%	(4.1%)	4.1%	10.2%	13.8%	(3.6%)	13.1%
EBIDA-Excludes PHMG	7,221,026	10,402,805	(3,181,779)	2,805,878	64,981,479	93,391,306	(28,409,827)	79,288,318

Note: Financial Performance excludes GO Bonds

	Quarter to Date				Year to Date			
	Actual	Budget	Variance	Prior Year	Actual	Budget	Variance	Prior Year
	Mar-23	Mar-23		Mar-22	Mar-23	Mar-23		Mar-22
<b>Key Volumes</b>								
<b>Discharges - Total</b>	<b>6,270</b>	<b>6,958</b>	<b>(9.9%)</b>	<b>5,994</b>	<b>18,985</b>	<b>21,556</b>	<b>(11.9%)</b>	<b>18,295</b>
Acute - General	6,001	6,543	(8.3%)	5,643	18,095	20,302	(10.9%)	17,163
Acute Behavioral Health	117	209	(44.0%)	185	425	635	(33.1%)	610
Total Acute Discharges	6,118	6,752	(9.4%)	5,828	18,520	20,937	(11.5%)	17,773
The Villas at Poway	152	206	(26.2%)	166	465	619	(24.9%)	522
<b>Patient Days - Total</b>	<b>38,110</b>	<b>41,282</b>	<b>(7.7%)</b>	<b>38,416</b>	<b>110,008</b>	<b>125,076</b>	<b>(12.1%)</b>	<b>112,895</b>
Acute - General	27,379	28,551	(4.1%)	26,902	78,270	86,314	(9.3%)	78,059
Acute Behavioral Health	1,005	2,111	(52.4%)	2,209	3,521	6,982	(49.6%)	6,953
Total Acute Patient Days	28,384	30,662	(7.4%)	29,111	81,791	93,296	(12.3%)	85,012
The Villas at Poway	9,726	10,620	(8.4%)	9,305	28,217	31,780	(11.2%)	27,883
Acute Adjusted Discharges	10,186	10,865	(6.3%)	9,200	31,172	33,691	(7.5%)	28,422
Total Adjusted Discharges*	10,374	11,071	(6.3%)	9,412	31,751	34,310	(7.5%)	29,096
Acute Adjusted Patient Days	47,257	49,338	(4.2%)	45,861	137,563	150,121	(8.4%)	135,811
Total Adjusted Patient Days*	56,986	59,958	(5.0%)	55,166	165,783	181,901	(8.9%)	163,694
Acute Average Daily Census	525	548	(4.2%)	510	299	340	(12.3%)	310
Total Average Daily Census*	423	459	(7.7%)	427	401	456	(12.1%)	412
<b>Surgeries - Total</b>	<b>3,062</b>	<b>2,783</b>	<b>10.0%</b>	<b>2,894</b>	<b>9,025</b>	<b>8,811</b>	<b>2.4%</b>	<b>8,650</b>
Inpatient	1,500	1,529	(1.9%)	1,420	4,437	4,822	(8.0%)	4,244
Outpatient	1,562	1,254	24.5%	1,474	4,588	3,989	15.0%	4,406
Deliveries	1,101	1,313	(16.1%)	1,035	3,488	3,882	(10.1%)	3,055
<b>ER Visits (Includes Trauma) - Total</b>	<b>32,745</b>	<b>28,635</b>	<b>14.4%</b>	<b>28,243</b>	<b>101,377</b>	<b>96,717</b>	<b>4.8%</b>	<b>88,202</b>
Inpatient	4,376	5,031	(13.0%)	4,180	13,162	15,259	(13.7%)	12,884
Outpatient	28,369	23,604	20.2%	24,063	88,215	81,458	8.3%	75,318

\* Includes The Villas at Poway

	Quarter to Date				Year to Date			
	Actual	Budget	Variance	Prior Year	Actual	Budget	Variance	Prior Year
	Mar-23	Mar-23		Mar-22	Mar-23	Mar-23		Mar-22
<b>Key Statistics</b>								
Acute Average LOS - Days	4.64	4.54	(2.2%)	5.00	4.42	4.45	0.6%	4.78
Acute - General	4.56	4.36	(4.6%)	4.77	4.33	4.25	(1.7%)	4.55
Acute Behavioral Health	8.59	10.10	15.0%	11.94	8.28	11.00	24.7%	11.40
Average Observation Hours	29	31	6.2%	31	31	28	(10.7%)	28
Acute Case Mix-Excludes Deliveries	1.63	1.69	(3.6%)	1.69	1.62	1.63	(0.7%)	1.63
Acute Case Mix-Medicare Only	1.81	1.89	(4.5%)	1.89	1.83	1.84	(0.1%)	1.84
Labor Productivity by Hrs					102.8%	100.0%	2.8%	107.0%
Days Cash on Hand					51.7			123.7
<b>Financial Performance</b>								
Operating Income	1,837,522	13,095,410	(11,257,888)	8,458,838	6,873,087	41,876,741	(35,003,654)	32,344,230
Net Income	(1,022,657)	11,833,539	(12,856,196)	1,012,840	(1,031,851)	37,702,376	(38,734,227)	25,450,484
Oper. Expenses/Adj. Patient Days	3,598	3,328	(8.1%)	3,276	3,594	3,311	(8.6%)	3,299
EBIDA Margin-Excludes PHMG	10.4%	13.6%	(3.2%)	9.3%	10.2%	13.8%	(3.6%)	13.1%
EBIDA-Excludes PHMG	22,699,540	30,432,589	(7,733,049)	18,552,561	64,981,479	93,391,306	(28,409,827)	79,288,318

Note: Financial Performance excludes GO Bonds

# Income Statement: Current Month

Excludes PHMG

	Actual	Budget	Variance	Variance		Dollars/Adjusted Patient Day		
	Mar-23	Mar-23	Mar-23	Volume	Rate/Eff	Actual	Budget	Variance
<b>Adjusted Patient Days</b>	20,002	18,552	1,450					
<b>Adjusted Discharges</b>	3,577	3,408	169					
<b>Operating Revenue</b>								
Gross revenue	443,600,042	423,002,505	20,597,537	33,061,321	(12,463,784.27)	22,177.78	22,800.91	(623)
Deductions from revenue	(370,303,205)	(348,754,342)	(21,548,863)	(27,258,182)	5,709,319	(18,513.31)	(18,798.75)	285
Net patient revenue	73,296,837	74,248,163	(951,326)	5,803,139	(6,754,465)	3,664	4,002	(338)
Other operating revenue	930,396	813,734	116,662	63,600.38	53,061.94	46.52	43.86	3
Total net revenue	74,227,233	75,061,897	(834,664)	5,866,739	(6,701,404)	3,711	4,046	(335)
<b>Operating Expenses</b>								
Salaries, wages & contract labor	36,067,614	31,539,927	(4,527,687)	(2,465,119)	(2,062,568)	1,803	1,700	(103)
Benefits	6,853,720	9,319,185	2,465,465	(728,375)	3,193,840	343	502	160
Supplies	11,110,027	10,165,677	(944,350)	(794,536)	(149,814)	555	548	(7)
Prof fees & purch svcs	12,017,813	12,225,240	207,427	(955,509)	1,162,935	601	659	58
Depreciation	3,871,878	3,812,356	(59,522)	(297,969)	238,447	194	205	12
Other	3,606,062	3,381,642	(224,420)	(264,305)	39,885	180	182	2
Total expenses	73,527,114	70,444,027	(3,083,087)	(5,505,813)	2,422,726	3,676	3,797	121
Income from operations	700,119	4,617,870	(3,917,751)	360,927	(4,278,678)	35	249	(214)
<b>Non-operating revenue(expense)</b>								
Property tax revenues <sup>1</sup>	1,675,000	1,675,000	0					
Interest rate swap	-	-	-					
Investment income	1,198,662	83,372	1,115,290					
Revenue bond interest expense	(4,119,374)	(2,382,303)	(1,737,071)					
Other non-operating revenue(expense)	(224,633)	214,207	(438,840)					
Net Income <sup>2</sup>	(770,226)	4,208,146	(4,978,371)					
<b>EBIDA Margin</b>	9.7%	13.9%	(4.1%)					

1= Property Tax Revenue excludes G.O. Bonds Levy

2= Excludes G.O. Bonds income / expense

# Income Statement: 3<sup>rd</sup> Quarter

Excludes PHMG

	Actual	Budget	Variance	Variance		Dollars/Adjusted Patient Day		
	Mar-23	Mar-23	Mar-23	Volume	Rate/Eff	Actual	Budget	Variance
<b>Adjusted Patient Days</b>	56,986	59,959	(2,973)					
<b>Adjusted Discharges</b>	10,374	34,310	(23,936)					
<b>Operating Revenue</b>								
Gross revenue	1,278,832,622	1,285,660,784	(6,828,162)	(63,748,053)	56,919,891	22,441	21,442	999
Deductions from revenue	(1,063,585,545)	(1,063,968,329)	382,784	52,755,680	(52,372,896)	(18,664)	(17,745)	(919)
Net patient revenue	215,247,077	221,692,455	(6,445,378)	(10,992,373)	4,546,995	3,777	3,697	80
Other operating revenue	3,142,293	2,381,202	761,091	(118,069)	879,160	55	40	15
<b>Total net revenue</b>	<b>218,389,370</b>	<b>224,073,657</b>	<b>(5,684,287)</b>	<b>(11,110,442)</b>	<b>5,426,155</b>	<b>3,832</b>	<b>3,737</b>	<b>95</b>
<b>Operating Expenses</b>								
Salaries, wages & contract labor	102,523,154	95,680,575	(6,842,579)	4,744,214	(11,586,793)	1,799	1,596	(203)
Benefits	23,176,860	27,685,068	4,508,208	1,372,733	3,135,475	407	462	55
Supplies	31,711,166	29,452,963	(2,258,203)	1,460,392	(3,718,595)	556	491	(65)
Prof fees & purch svcs	37,570,566	36,565,239	(1,005,327)	1,813,047	(2,818,374)	659	610	(49)
Depreciation	11,530,866	11,452,141	(78,725)	567,842	(646,567)	202	191	(11)
Other	10,039,236	10,142,261	103,025	502,893	(399,868)	176	169	(7)
<b>Total expenses</b>	<b>216,551,848</b>	<b>210,978,247</b>	<b>(5,573,601)</b>	<b>10,461,121</b>	<b>(16,034,722)</b>	<b>3,800</b>	<b>3,519</b>	<b>(281)</b>
Income from operations	1,837,522	13,095,410	(11,257,888)	(649,321)	(10,608,567)	32	218	(186)
<b>Non-operating revenue(expense)</b>								
Property tax revenues <sup>1</sup>	5,025,000	5,025,000	-					
Interest Rate Swap	-	-	-					
Investment income	2,996,613	250,116	2,746,497					
Revenue bond interest expense	(12,191,331)	(7,146,909)	(5,044,422)					
Other non-operating revenue(expense)	1,309,539	609,922	699,617					
<b>Net Income <sup>2</sup></b>	<b>(1,022,657)</b>	<b>11,833,539</b>	<b>(12,856,196)</b>					
<b>EBIDA Margin</b>	<b>10.4%</b>	<b>13.6%</b>	<b>(3.2%)</b>					

1= Property Tax Revenue excludes G.O. Bonds Levy

2= Excludes G.O. Bonds income / expense



# Income Statement: Year-to-Date

Excludes PHMG

	Actual	Budget	Variance	Variance		Dollars/Adjusted Patient Day		
	Mar-23	Mar-23	Mar-23	Volume	Rate/Eff	Actual	Budget	Variance
<b>Adjusted Patient Days</b>	165,783	181,903	(16,120)					
<b>Adjusted Discharges</b>	31,751	34,310	(2,559)					
<b>Operating Revenue</b>								
Gross revenue	3,720,900,377	3,924,595,601	(203,695,224)	(347,792,401)	144,097,177	22,444	21,575	869
Deductions from revenue	(3,090,711,249)	(3,253,386,881)	162,675,632	288,310,784	(125,635,151)	(18,643)	(17,885)	(758)
Net patient revenue	630,189,128	671,208,720	(41,019,592)	(59,481,617)	18,462,025	3,801	3,690	111
Other operating revenue	8,099,315	7,143,608	955,707	(633,057)	1,588,764	49	39	10
<b>Total net revenue</b>	<b>638,288,443</b>	<b>678,352,328</b>	<b>(40,063,885)</b>	<b>(60,114,674)</b>	<b>20,050,789</b>	<b>3,850</b>	<b>3,729</b>	<b>121</b>
<b>Operating Expenses</b>								
Salaries, wages & contract labor	302,504,650	289,592,524	(12,912,126)	25,663,301	(38,575,427)	1,825	1,592	(233)
Benefits	69,723,396	81,426,540	11,703,144	7,215,911	4,487,233	421	448	27
Supplies	90,289,754	89,798,968	(490,786)	7,957,864	(8,448,650)	545	494	(51)
Prof fees & purch svcs	104,688,601	111,342,688	6,654,087	9,867,040	(3,212,952)	631	612	(19)
Depreciation	35,533,945	34,248,203	(1,285,742)	3,035,030	(4,320,772)	214	188	(26)
Other	28,675,010	30,066,664	1,391,654	2,664,467	(1,272,814)	173	165	(8)
<b>Total expenses</b>	<b>631,415,356</b>	<b>636,475,587</b>	<b>5,060,231</b>	<b>56,403,613</b>	<b>(51,343,382)</b>	<b>3,809</b>	<b>3,499</b>	<b>(310)</b>
Income from operations	6,873,087	41,876,741	(35,003,654)	(3,711,061)	(31,292,593)	41	230	(189)
<b>Non-operating revenue(expense)</b>								
Property tax revenues <sup>1</sup>	15,075,000	15,075,000	0					
Interest Rate Swap	5,324,960	-	5,324,960					
Investment income	4,677,812	750,344	3,927,468					
Revenue bond interest expense	(35,804,345)	(21,440,727)	(14,363,618)					
Other non-operating revenue(expense)	2,821,635	1,441,018	1,380,617					
<b>Net Income <sup>2</sup></b>	<b>(1,031,851)</b>	<b>37,702,376</b>	<b>(38,734,227)</b>					
<b>EBIDA Margin</b>	<b>10.2%</b>	<b>13.8%</b>	<b>(3.6%)</b>					

1= Property Tax Revenue excludes G.O. Bonds Levy

2= Excludes G.O. Bonds income / expense

# Income Statement: Current Month vs. Prior Year Month

Excludes PHMG

	Current Month	Prior Year Month	Change	Variance		Dollars/Adjusted Patient Day		
	Mar-23	Mar-22		Volume	Rate/Eff	Actual	Budget	Variance
<b>Adjusted Patient Days</b>	20,002	18,597	1,405					
<b>Adjusted Discharges</b>	3,577	3,380	197					
<b>Operating Revenue</b>								
Gross revenue	443,600,042	409,850,606	33,749,436	30,964,139	2,785,297	22,178	22,039	139
Deductions from revenue	(370,303,205)	(342,686,440)	(27,616,765)	(25,889,899)	(1,726,866)	(18,513)	(18,427)	(86)
Net patient revenue	73,296,837	67,164,166	6,132,671	5,074,241	1,058,430	3,664	3,612	53
Other operating revenue	930,396	784,547	145,849	59,272	86,577	47	42	4
Total net revenue	74,227,233	67,948,713	6,278,520	5,133,513	1,145,007	3,711	3,654	57
<b>Operating Expenses</b>								
Salaries, wages & contract labor	36,067,614	33,220,635	(2,846,979)	(2,509,813)	(337,166)	1,803	1,786	(17)
Benefits	6,853,720	5,430,822	(1,422,898)	(410,298)	(1,012,600)	343	292	(51)
Supplies	11,110,027	9,585,924	(1,524,103)	(724,215)	(799,888)	555	515	(40)
Prof fees & purch svcs	12,017,813	11,861,620	(156,193)	(896,143)	739,950	601	638	37
Depreciation	3,871,878	3,701,760	(170,118)	(279,667)	109,549	194	199	5
Other	3,606,062	3,899,706	293,644	(294,622)	588,266	180	210	29
Total expenses	73,527,114	67,700,467	(5,826,647)	(5,114,758)	(711,889)	3,676	3,640	(36)
Income from operations	700,119	248,246	451,873	18,755	433,118	35	13	22
<b>Non-operating revenue(expense)</b>								
Property tax revenues <sup>1</sup>	1,675,000	1,583,333	91,667					
Interest rate swap	-	-	-					
Investment income	1,198,662	(2,146,500)	3,345,162					
Revenue bond interest expense	(4,119,374)	(2,328,900)	(1,790,474)					
Other non-operating revenue(expense)	(224,633)	(580,961)	356,328					
Net Income <sup>2</sup>	(770,226)	(3,224,782)	2,454,556					
<b>EBIDA Margin</b>	9.7%	4.1%	5.6%					

1= Property Tax Revenue excludes G.O. Bonds Levy

2= Excludes G.O. Bonds income / expense

# Income Statement: Current Year vs. Prior Year

Excludes PHMG

	Current Year			Variance		Dollars/Adjusted Patient Day		
	Mar-23	Prior Year Mar-22	Change	Volume	Rate/Eff	Actual	Budget	Variance
<b>Adjusted Patient Days</b>	165,783	163,694	2,089					
<b>Adjusted Discharges</b>	31,751	29,096	2,655					
<b>Operating Revenue</b>								
Gross revenue	3,720,900,377	3,450,474,003	270,426,374	44,033,625	226,392,749	22,444	21,079	1,366
Deductions from revenue	(3,090,711,248)	(2,851,429,025)	(239,282,223)	(36,388,843)	(202,893,380)	(18,643)	(17,419)	(1,224)
Net patient revenue	630,189,130	599,044,978	31,144,151	7,644,782	23,499,369	3,801	3,660	142
Other operating revenue	8,099,315	6,428,074	1,671,241	82,033	1,589,208	49	39	10
<b>Total net revenue</b>	<b>638,288,444</b>	<b>605,473,052</b>	<b>32,815,392</b>	<b>7,726,815</b>	<b>25,088,577</b>	<b>3,850</b>	<b>3,699</b>	<b>151</b>
<b>Operating Expenses</b>								
Salaries, wages & contract labor	302,504,650	261,586,928	(40,917,722)	(3,338,272)	(37,579,450)	1,825	1,598	(227)
Benefits	69,723,396	71,418,559	1,695,163	(911,416)	2,606,579	421	436	16
Supplies	90,289,754	82,692,703	(7,597,051)	(1,055,293)	(6,541,758)	545	505	(39)
Prof fees & purch svcs	104,688,601	97,176,536	(7,512,065)	(1,240,130)	(6,271,935)	631	594	(38)
Depreciation	35,533,945	33,093,602	(2,440,343)	(422,328)	(2,018,015)	214	202	(12)
Other	28,675,011	27,160,494	(1,514,517)	(346,612)	(1,167,905)	173	166	(7)
<b>Total expenses</b>	<b>631,415,357</b>	<b>573,128,822</b>	<b>(58,286,535)</b>	<b>(7,314,050)</b>	<b>(50,972,485)</b>	<b>3,809</b>	<b>3,501</b>	<b>(307)</b>
<b>Income from operations</b>	<b>6,873,087</b>	<b>32,344,230</b>	<b>(25,471,143)</b>	<b>412,765</b>	<b>(25,883,908)</b>	<b>41</b>	<b>198</b>	<b>(156)</b>
<b>Non-operating revenue(expense)</b>								
Property tax revenue <sup>1</sup>	15,075,000	14,250,000	825,000					
Interest Rate Swap	5,324,960	-	5,324,960					
Investment income	4,677,812	(5,113,610)	9,791,422					
Revenue bond interest expense	(35,804,345)	(20,744,232)	(15,060,113)					
Other non-operating revenue(expense)	2,821,635	4,714,096	(1,892,461)					
<b>Net Income<sup>2</sup></b>	<b>(1,031,852)</b>	<b>25,450,484</b>	<b>(26,482,336)</b>					
<b>EBIDA Margin</b>	<b>10.2%</b>	<b>13.1%</b>	<b>(2.9%)</b>					

1- Property Tax Revenue excludes G.O. Bonds Levy

2- Excludes G.O. Bonds income / expense

# Income Statement: Current Fiscal Year Monthly Trend

Excludes PHMG

	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Fiscal Year 2023
<b>Adjusted Discharges</b>	3,428	3,548	3,514	3,664	3,578	3,645	3,554	3,243	3,577	-	-	-	31,751
<b>Operating Revenue</b>													
Gross revenue	386,861,833	414,593,123	400,045,463	398,360,268	410,607,111	431,599,958	432,150,986	403,081,594	443,600,042	-	-	-	3,720,900,377
Deductions from revenue	(319,503,944)	(347,149,344)	(333,966,875)	(324,930,831)	(340,408,016)	(361,166,691)	(358,776,424)	(334,505,916)	(370,303,205)	-	-	-	(3,090,711,249)
Net patient revenue	67,357,889	67,443,779	66,078,588	73,429,437	70,199,095	70,433,267	73,374,562	68,575,678	73,296,837	-	-	-	630,189,128
Other operating revenue	652,405	777,663	861,211	724,955	847,263	1,093,524	1,101,428	1,110,469	930,396	-	-	-	8,099,315
<b>Total net revenue</b>	<b>68,010,294</b>	<b>68,221,442</b>	<b>66,939,799</b>	<b>74,154,392</b>	<b>71,046,358</b>	<b>71,526,791</b>	<b>74,475,990</b>	<b>69,686,147</b>	<b>74,227,233</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>638,288,443</b>
<b>Operating Expenses</b>													
Salaries, wages & contract labor	32,764,595	32,513,284	32,924,893	33,775,849	34,989,349	33,013,527	35,061,254	31,394,286	36,067,614	-	-	-	302,504,650
Benefits	8,157,659	5,548,530	7,714,185	7,659,670	7,740,593	9,725,899	7,884,855	8,438,285	6,853,720	-	-	-	69,723,396
Supplies	8,187,227	9,771,666	9,540,971	10,911,278	9,664,535	10,502,911	10,644,566	9,956,573	11,110,027	-	-	-	90,289,754
Prof fees & purch svcs	10,021,634	11,295,327	10,136,394	12,681,563	11,523,340	11,459,778	13,010,935	12,541,818	12,017,813	-	-	-	104,688,601
Depreciation	3,466,586	4,918,874	4,081,665	3,872,660	3,871,656	3,791,637	3,823,741	3,835,247	3,871,878	-	-	-	35,533,945
Other	3,618,338	3,442,044	1,603,481	4,226,752	3,156,513	2,588,646	3,032,621	3,400,553	3,606,062	-	-	-	28,675,010
<b>Total expenses</b>	<b>66,216,039</b>	<b>67,489,725</b>	<b>66,001,589</b>	<b>73,127,772</b>	<b>70,945,985</b>	<b>71,082,398</b>	<b>73,457,972</b>	<b>69,566,762</b>	<b>73,527,114</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>631,415,356</b>
Income from operations	1,794,255	731,717	938,210	1,026,619	100,372	444,393	1,018,018	119,385	700,119	-	-	-	6,873,087
<b>Non-operating revenue (expense)</b>													
Property tax revenues <sup>1</sup>	1,583,333	1,583,333	1,583,333	1,583,332	2,041,668	1,675,000	1,675,000	1,675,000	1,675,000	-	-	-	15,075,000
Investment Income	1,022,171	(732,362)	(906,583)	292,790	722,703	1,282,479	1,152,256	645,695	1,198,662	-	-	-	4,677,812
Interest Expense	1,914,301	4,562,164	3,214,888	3,075,712	6,786,342	4,059,607	4,038,845	4,033,112	4,119,374	-	-	-	35,804,345
Interest Rate Swap	-	-	-	-	5,324,960	-	-	-	(0)	-	-	-	5,324,960
Other	108,213	346,688	562,613	193,452	236,239	64,895	1,524,892	9,280	(224,634)	-	-	-	2,821,635
<b>Net income <sup>2</sup></b>	<b>2,593,671</b>	<b>(2,632,788)</b>	<b>(1,037,315)</b>	<b>20,481</b>	<b>1,639,601</b>	<b>(592,840)</b>	<b>1,331,321</b>	<b>(1,583,752)</b>	<b>(770,226)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,031,851)</b>
EBIDA Margin	11.7%	10.0%	9.4%	9.4%	9.8%	10.2%	12.3%	9.0%	9.7%	0.0%	0.0%	0.0%	10.2%

1= Property Tax Revenue excludes G.O. Bonds Levy

2= Excludes G.O. Bonds income / expense

# Income Statement: 13-Month Trend

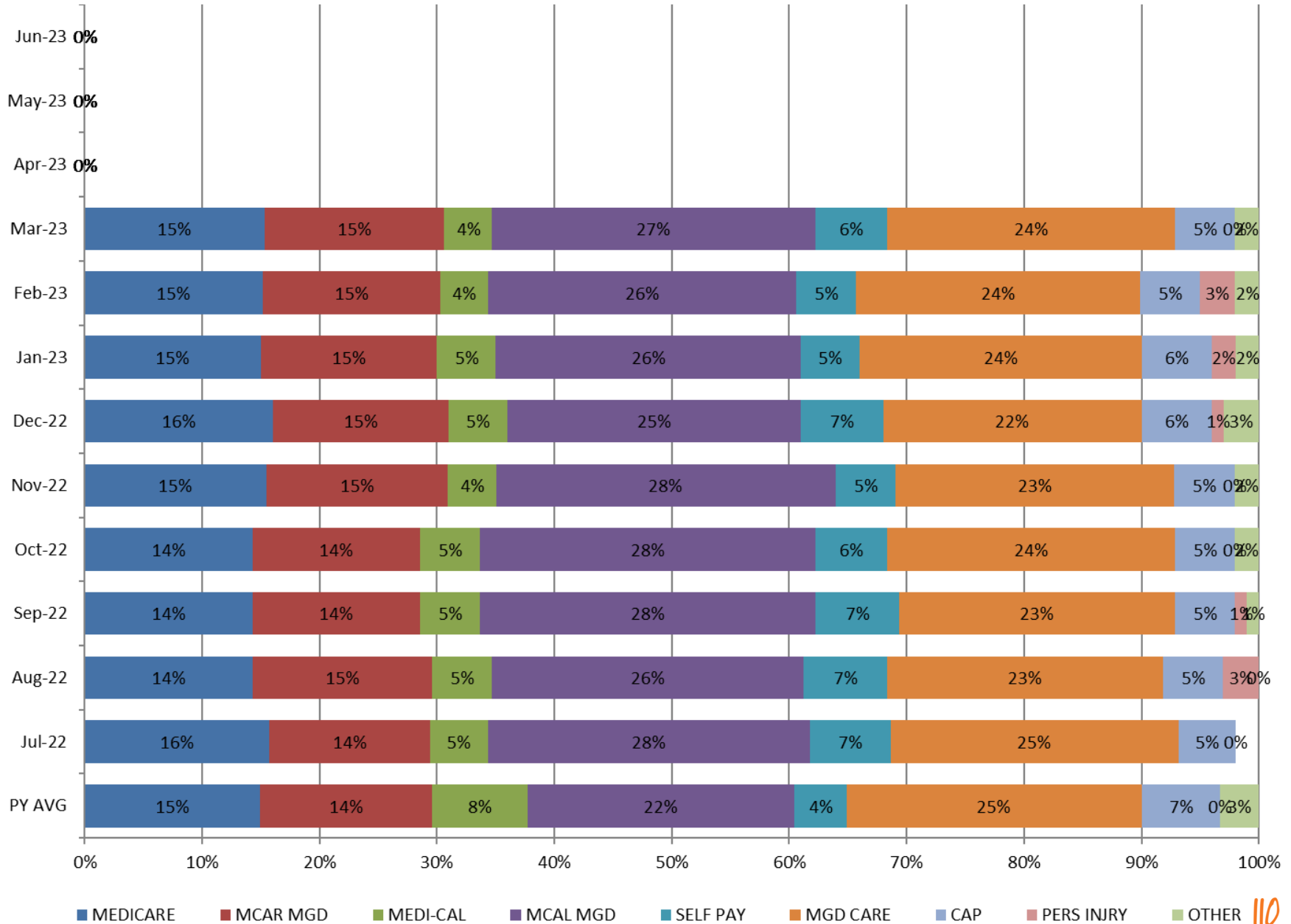
## Excludes PHMG

	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
<b>Adjusted Discharges</b>	3,380	3,349	3,251	3,900	3,428	3,548	3,514	3,664	3,578	3,645	3,554	3,243	3,577
<b>Operating Revenue</b>													
Gross revenue	409,850,606	367,578,896	361,928,194	375,821,247	386,861,833	414,593,123	400,045,463	398,360,268	410,607,111	431,599,958	432,150,986	403,081,594	443,600,042
Deductions from revenue	(342,686,440)	(301,312,242)	(297,940,380)	(314,241,456)	(319,503,944)	(347,149,344)	(333,966,875)	(324,930,831)	(340,408,016)	(361,166,691)	(358,776,424)	(334,505,916)	(370,303,205)
Net patient revenue	67,164,166	66,266,654	63,987,814	61,579,791	67,357,889	67,443,779	66,078,588	73,429,437	70,199,095	70,433,267	73,374,562	68,575,678	73,296,837
Other operating revenue	784,547	852,459	641,173	1,310,521	652,405	777,663	861,211	724,955	847,263	1,093,524	1,101,428	1,110,469	930,396
<b>Total net revenue</b>	<b>67,948,713</b>	<b>67,119,113</b>	<b>64,628,987</b>	<b>62,890,312</b>	<b>68,010,294</b>	<b>68,221,442</b>	<b>66,939,799</b>	<b>74,154,392</b>	<b>71,046,358</b>	<b>71,526,791</b>	<b>74,475,990</b>	<b>69,686,147</b>	<b>74,227,233</b>
<b>Operating Expenses</b>													
Salaries, wages & contract labor	33,220,635	29,807,910	28,995,864	24,928,515	32,764,595	32,513,284	32,924,892	33,775,849	34,989,349	33,013,527	35,061,254	31,394,286	36,067,614
Benefits	5,430,822	6,823,078	7,373,649	8,232,869	8,157,659	5,548,530	7,714,185	7,659,670	7,740,593	9,725,899	7,884,855	8,438,285	6,853,720
Supplies	9,585,924	8,834,196	8,775,759	9,987,179	8,187,227	9,771,666	9,540,971	10,911,278	9,664,535	10,502,911	10,644,566	9,956,573	11,110,027
Prof fees & purch svcs	11,861,620	10,756,291	9,994,501	12,623,669	10,021,634	11,295,327	10,136,393	12,681,563	11,523,340	11,459,778	13,010,935	12,541,818	12,017,813
Depreciation	3,701,760	3,767,782	3,766,102	9,639,591	3,466,586	4,918,874	4,081,665	3,872,660	3,871,656	3,791,637	3,823,741	3,835,247	3,871,878
Other	3,899,706	3,601,095	3,627,356	(6,623,350)	3,618,338	3,442,044	1,603,481	4,226,752	3,156,513	2,588,646	3,032,621	3,400,553	3,606,062
<b>Total expenses</b>	<b>67,700,467</b>	<b>63,590,352</b>	<b>62,533,231</b>	<b>58,788,473</b>	<b>66,216,039</b>	<b>67,489,725</b>	<b>66,001,587</b>	<b>73,127,772</b>	<b>70,945,986</b>	<b>71,082,398</b>	<b>73,457,972</b>	<b>69,566,762</b>	<b>73,527,114</b>
<b>Income from operations</b>	<b>248,246</b>	<b>3,528,761</b>	<b>2,095,756</b>	<b>4,101,839</b>	<b>1,794,255</b>	<b>731,717</b>	<b>938,212</b>	<b>1,026,620</b>	<b>100,372</b>	<b>444,393</b>	<b>1,018,018</b>	<b>119,385</b>	<b>700,119</b>
<b>Non-operating revenue (expense)</b>													
Property tax revenues <sup>1</sup>	1,583,333	1,583,333	1,583,333	2,767,623	1,583,333	1,583,333	1,583,333	1,583,333	2,041,667	1,675,000	1,675,000	1,675,000	1,675,000
Investment Income	(2,146,500)	(1,089,763)	868,329	(173,507)	1,022,171	(732,362)	(906,583)	292,790	722,703	1,282,479	1,152,256	645,695	1,198,662
Interest Expense	(2,328,900)	(2,269,055)	(2,299,876)	(13,300,418)	(1,914,301)	(4,562,164)	(3,214,888)	(3,075,712)	(6,786,342)	(4,059,607)	(4,038,845)	(4,033,112)	(4,119,374)
Interest Rate Swap	-	-	-	13,152,115	-	-	-	-	5,324,960	-	-	-	-
Other	(580,961)	797,213	1,131,532	4,864,522	108,213	346,688	562,609	193,452	236,239	64,895	1,524,892	9,280	(224,633)
<b>Net income <sup>2</sup></b>	<b>(3,224,782)</b>	<b>2,550,489</b>	<b>3,379,074</b>	<b>11,412,174</b>	<b>2,593,671</b>	<b>(2,632,788)</b>	<b>(1,037,317)</b>	<b>20,483</b>	<b>1,639,599</b>	<b>(592,840)</b>	<b>1,331,321</b>	<b>(1,583,752)</b>	<b>(770,226)</b>
EBIDA Margin	4.1%	12.8%	14.6%	33.7%	11.7%	10.0%	9.4%	9.4%	9.8%	10.2%	12.3%	9.0%	9.7%

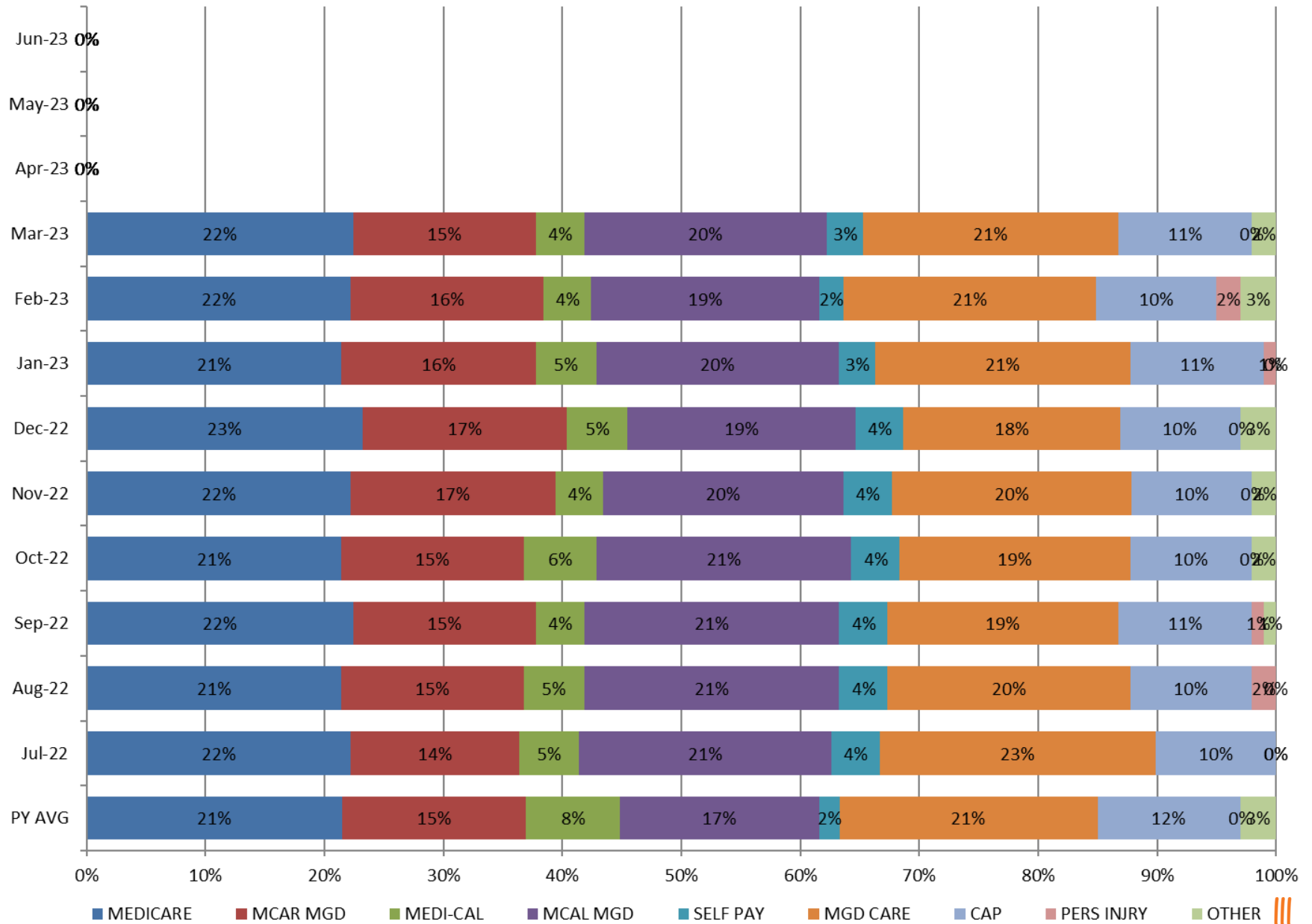
1= Property Tax Revenue excludes G.O. Bonds Levy

2= Excludes G.O. Bonds income / expense

# Payor Mix: Emergency Department



# Payor Mix: Gross Revenue



# Statement of Net Position: Excludes G.O. Bonds

## Excludes PHMG

Assets	Mar-23	Feb-23	Jun-22
<b>Current Assets</b>			
Cash and cash equivalents	12,983,156	8,684,252	30,997,521
Investments	85,777,506	90,329,865	186,291,158
Board Designated	13,678,054	-	34,785,660
Total cash,cash equivalents & investments	112,438,716	99,014,116	252,074,340
<b>Patient Accounts Receivable</b>	503,774,320	485,475,390	400,381,312
Allowance on accounts	(319,090,493)	(303,498,567)	(251,383,493)
Net accounts receivable	184,683,827	181,976,822	148,997,820
Inventories	12,919,937	12,739,674	12,480,465
Prepaid expenses	13,242,288	10,994,480	8,682,562
Est. third party settlements	123,851,715	90,441,388	58,713,877
Other	48,210,205	43,753,752	37,918,474
Total current assets	495,346,687	438,920,232	518,867,537
<b>Non-Current Assets</b>			
Restricted assets	149,057,008	150,259,776	58,256,063
Restricted other	356,057	14,031,949	353,100
Total restricted assets	149,413,065	164,291,725	58,609,163
Property, plant & equipment	1,516,172,038	1,515,564,527	1,511,183,821
Accumulated depreciation	(631,213,228)	(627,913,677)	(601,520,327)
Construction in process	99,146,790	95,915,879	64,486,109
Net property, plant & equipment	984,105,600	983,566,729	974,149,602
Right of Use Assets	229,676,501	229,964,006	238,533,505
Investment related companies	6,151,535	6,266,673	6,903,551
Prepaid debt insurance costs	7,688,509	7,714,548	5,868,703
Other non-current assets	38,620,237	37,704,404	39,561,628
Total non-current assets	1,415,655,447	1,429,508,085	1,323,626,151
<b>Total assets</b>	<b>1,911,002,134</b>	<b>1,868,428,317</b>	<b>1,842,493,688</b>
Deferred outflow of resources-loss on refunding of debt	53,088,765	54,700,611	47,781,137
<b>Total assets and deferred outflow of resources</b>	<b>1,964,090,899</b>	<b>1,923,128,929</b>	<b>1,890,274,825</b>

Liabilities	Mar-23	Feb-23	Jun-22
<b>Current Liabilities</b>			
Accounts payable	69,202,643	49,177,634	67,371,368
Accrued payroll	23,628,959	33,532,651	30,182,511
Accrued PTO	25,599,060	24,469,955	24,932,792
Accrued interest payable	15,247,292	12,129,360	5,057,411
Current portion of bonds	8,110,000	8,110,000	14,425,000
Current portion of lease liab	6,233,526	6,146,350	5,744,577
Est. third party settlements	15,455,895	(15,413,001)	27,984,699
Other current liabilities	66,524,643	65,188,343	61,780,722
Total current liabilities	230,002,018	183,341,293	237,479,080
<b>Long Term Liabilities</b>			
Other LT liabilities	446,562	489,295	1,302,956
Bonds & contracts payable	741,973,522	743,531,100	626,046,242
Lease liabilities	243,512,461	243,293,180	247,242,225
Total long term liabilities	985,932,545	987,313,575	874,591,423
<b>Total liabilities</b>	<b>1,215,934,563</b>	<b>1,170,654,867</b>	<b>1,112,070,502</b>
Deferred inflow of unearned revenue	6,798,025	6,806,876	6,877,684
<b>Total liabilities and deferred inflow of resources</b>	<b>1,222,732,588</b>	<b>1,177,461,743</b>	<b>1,118,948,186</b>
<b>Net Position</b>			
Unrestricted	741,002,253	731,635,236	757,295,485
Restricted for other purpose	356,057	14,031,949	14,031,154
Total net position	741,358,311	745,667,185	771,326,639
<b>Total liabilities, deferred inflow of resources and net position</b>	<b>1,964,090,899</b>	<b>1,923,128,929</b>	<b>1,890,274,825</b>



# Statement of Net Position: Includes G.O. Bonds

## Excludes PHMG

<b>Assets</b>	Mar-23	Feb-23	Jun-22
<b>Current Assets</b>			
Cash and cash equivalents	12,983,156	8,684,252	30,997,521
Investments	85,777,506	90,329,865	186,291,158
Board Designated	13,678,054	-	21,107,606
Total cash, cash equivalents & investments	112,438,716	99,014,116	238,396,286
<b>Patient Accounts Receivable</b>	503,774,320	485,475,390	400,381,312
Allowance on accounts	(319,090,493)	(303,498,567)	(251,383,493)
Net accounts receivable	184,683,827	181,976,822	148,997,820
Inventories	12,919,937	12,739,674	12,480,465
Prepaid expenses	13,242,288	10,994,480	8,682,562
Est. third party settlements	123,851,715	90,441,388	58,713,877
Other	51,944,630	44,892,760	38,118,475
Total current assets	499,081,113	440,059,241	505,389,483
<b>Non-Current Assets</b>			
Restricted assets	191,929,240	191,976,274	110,141,999
Restricted other	356,057	14,031,949	14,031,154
Total restricted assets	192,285,297	206,008,223	124,173,153
Property, plant & equipment	1,516,172,038	1,515,564,527	1,511,183,821
Accumulated depreciation	(631,213,228)	(627,913,677)	(601,520,327)
Construction in process	99,146,790	95,915,879	64,486,109
Net property, plant & equipment	984,105,600	983,566,729	974,149,602
Right of Use Assets	229,676,501	229,964,006	238,533,505
Investment related companies	6,151,535	6,266,673	6,903,551
Prepaid debt insurance and other costs	9,189,444	9,228,953	7,491,373
Other non-current assets	38,620,237	37,704,404	39,561,628
Total non-current assets	1,460,028,614	1,472,738,988	1,390,812,812
<b>Total assets</b>	<b>1,959,109,727</b>	<b>1,912,798,229</b>	<b>1,896,202,295</b>
Deferred outflow of resources-loss on refunding of debt	55,946,437	57,576,144	50,799,553
<b>Total assets and deferred outflow of resources</b>	<b>2,015,056,165</b>	<b>1,970,374,374</b>	<b>1,947,001,848</b>

<b>Liabilities</b>	Feb-23	Feb-23	Jun-22
<b>Current Liabilities</b>			
Accounts payable	69,203,143	49,177,634	67,374,118
Accrued payroll	23,628,959	33,532,651	30,182,511
Accrued PTO	25,599,060	24,469,955	24,932,792
Accrued interest payable	25,195,088	19,361,102	21,425,246
Current portion of bonds	16,903,916	16,903,916	22,485,800
Current portion of lease liab	6,233,526	6,146,350	5,744,577
Est. third party settlements	15,455,895	(15,413,001)	27,984,699
Other current liabilities	31,996,615	30,475,607	24,680,710
Total current liabilities	214,216,201	164,654,215	224,810,452
<b>Long Term Liabilities</b>			
Other LT liabilities	446,562	489,295	1,302,956
Bonds & contracts payable	1,387,444,728	1,388,736,032	1,277,787,416
Lease liabilities	243,512,461	243,293,180	247,242,225
Total long term liabilities	1,631,403,751	1,632,518,507	1,526,332,597
<b>Total liabilities</b>	<b>1,845,619,952</b>	<b>1,797,172,721</b>	<b>1,751,143,049</b>
Deferred inflow of unearned revenue	41,326,053	41,519,612	43,977,697
<b>Total liabilities and deferred inflow of resources</b>	<b>1,886,946,005</b>	<b>1,838,692,333</b>	<b>1,795,120,746</b>
<b>Net Position</b>			
Unrestricted	127,754,101	117,650,091	137,849,948
Restricted for other purpose	356,057	14,031,949	14,031,154
Total net position	128,110,158	131,682,040	151,881,102
<b>Total liabilities, deferred inflow of resources and net position</b>	<b>2,015,056,165</b>	<b>1,970,374,374</b>	<b>1,947,001,848</b>

**Palomar Health**  
**STATEMENT OF CASH FLOWS**  
**Fiscal Year 2023**

	<u>Mar-23</u>	<u>YTD</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Income (Loss) from operations	700,119	6,873,087
<b>Adjustments to reconcile change in net assets to net cash provided from operating activities:</b>		
Depreciation Expense	3,871,878	36,698,154
Provision for bad debts	7,775,215	64,357,319
<b>Changes in operating assets and liabilities:</b>		
Patient accounts receivable	(10,482,219)	(100,043,323)
Property Tax and other receivables	(3,349,150)	(9,017,293)
Inventories	(180,263)	(439,472)
Prepaid expenses and other current assets	(1,963,928)	(296,533)
Accounts payable	20,025,509	1,829,025
Accrued compensation	(8,774,587)	(5,887,285)
Estimated settlement amounts due third-party payors	(2,541,431)	(77,666,642)
Other liabilities	1,422,490	7,375,974
Net cash provided from (used by) operating activities	<u>6,503,633</u>	<u>(76,216,989)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net (purchases) sales of investments	4,597,231	39,831,060
Income (Loss) on investments	1,324,813	5,354,595
Investment in affiliates	(4,376,796)	(27,975,632)
Net cash provided from (used by) investing activities	<u>1,545,248</u>	<u>17,210,023</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Receipt of G.O. Bond Taxes	1,029,582	29,090,573
Receipt of District Taxes	567,698	13,800,564
Net cash provided from non-capital financing activities	<u>1,597,280</u>	<u>42,891,137</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds on asset sale	3,600	926,552
Proceeds from the issuance of long-term debt	0	258,696,778
Cost of Issuance payments	0	(18,211,396)
Acquisition of property plant and equipment	(3,818,695)	(43,283,292)
Redevelopment Trust Fund Distributions	0	1,448,297
G.O. Bond Interest paid	0	(27,373,589)
Revenue Bond Interest paid	0	(8,903,858)
ROU Interest paid	(921,137)	(6,560,894)
Payments of Long Term Debt	(611,025)	(158,637,135)
Net cash provided from (used by) capital and related financing activities	<u>(5,347,257)</u>	<u>(1,898,537)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	4,298,904	(18,014,365)
<b>CASH AND CASH EQUIVALENTS - Beginning of period</b>	<u>8,684,252</u>	<u>30,997,521</u>
<b>CASH AND CASH EQUIVALENTS - End of period</b>	<u>12,983,156</u>	<u>12,983,156</u>

## Investment Fund - Quarter Ended March 31, 2023 Yield Analysis

Investment Account:	% of Portfolio at 3/31/2023	Maturity Date	Yield	Benchmark		Actual to Benchmark Variance	Total Yield
Fidelity-Institutional Portfolio Treasury Fund	8.18%	Demand	4.74%	4.76%	(1)	(0.02%)	0.39%
State Treasurer Local Agency Investment Fund	71.26%	Demand	2.74%	2.63%	(2)	0.11%	1.95%
Morgan Stanley	17.23%	Various	1.64%	1.82%	(3)	(0.18%)	0.28%
				7.50%	(4)	(5.86%)	
Chandler Asset Management	2.32%	Various	2.66%	1.82%	(3)	0.84%	0.06%
				7.50%	(4)	(4.84%)	
Goldman Sachs Asset Management	1.00%	Various	4.48%	1.82%	(3)	2.66%	0.04%
				7.50%	(4)	(3.02%)	
<b>Total:</b>	<b>100.00%</b>						

TOTAL YIELD: 2.73%

PRIOR QUARTER: 1.77%

PRIOR YEAR: (1.65%)

- (1) Approximate average of 90 day T-Bills
- (2) LAIF annual average return based upon monthly yields
- (3) BC Intermediate Government Credits
- (4) S&P 500

# Condensed Combining Statement of Net Position

## CONDENSED COMBINING STATEMENT OF NET POSITION

MARCH 31, 2023

	PH	PHMG	PAM	PAM-SD	PAC	Eliminations	Total
<b>ASSETS</b>							
Current assets	499,081,115	44,312,287	2,937	-	1,135,311	(35,378,296)	509,153,354
Capital assets - net	984,105,600	5,744,548	-	-	-	-	989,850,148
Right of use assets - net	229,676,501	19,087,977	-	-	-	(14,477,717)	234,286,761
Non-current assets	246,246,512	6,330,533	-	-	-	(8,804,163)	243,772,882
Total assets	1,959,109,728	75,475,345	2,937	-	1,135,311	(58,660,176)	1,977,063,145
Deferred outflow of resources	55,946,437	-	-	-	-	-	55,946,437
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>2,015,056,165</b>	<b>75,475,345</b>	<b>2,937</b>	<b>-</b>	<b>1,135,311</b>	<b>(58,660,176)</b>	<b>2,033,009,582</b>
<b>LIABILITIES AND NET POSITION</b>							
Current liabilities	214,278,702	56,496,051	-	-	111,743	(38,228,121)	232,658,375
Long-term liabilities	1,387,891,290	4,341,183	-	-	-	(4,341,183)	1,387,891,290
Right of use lease liabilities	243,512,461	14,127,812	-	-	-	(12,254,287)	245,385,986
Total liabilities	1,845,682,453	74,965,046	-	-	111,743	(54,823,591)	1,865,935,651
Deferred inflow of resources - deferred revenue	41,263,554	-	-	-	-	-	41,263,554
Total liabilities and deferred inflow of resources	1,886,946,007	74,965,046	-	-	111,743	(54,823,591)	1,907,199,205
Invested in capital assets - net of related debt	(356,229,229)	4,695,102	-	-	-	-	(351,534,127)
Restricted	142,210,450	-	-	-	-	-	142,210,450
Unrestricted	342,128,937	(4,184,803)	2,937	-	1,023,568	(3,836,585)	335,134,054
Total net position	128,110,158	510,299	2,937	-	1,023,568	(3,836,585)	125,810,377
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION</b>	<b>2,015,056,165</b>	<b>75,475,345</b>	<b>2,937</b>	<b>-</b>	<b>1,135,311</b>	<b>(58,660,176)</b>	<b>2,033,009,582</b>

Note: Financial Performance includes GO Bonds

# Condensed Combining Statement of Revenue, Expenses, and Changes in Net Position

## CONDENSED COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE NINE MONTHS ENDED MARCH 31, 2023

	PH	PHMG	PAM	PAM-SD	PAC	Elimination	YTD Consolidated
<b>OPERATING REVENUE:</b>							
Net patient service revenue	584,477,950	59,792,845	-	-	-	-	644,270,795
Shared risk revenue	45,711,178	37,729,394	-	-	-	(4,607,510)	78,833,062
Other revenue	8,099,315	8,513,945	-	-	937,640	(318,865)	17,232,035
PH Program revenue	-	8,750,903	-	-	-	(8,750,903)	-
<b>Total operating revenue</b>	<b>638,288,443</b>	<b>114,787,087</b>	<b>-</b>	<b>-</b>	<b>937,640</b>	<b>(13,677,278)</b>	<b>740,335,892</b>
<b>OPERATING EXPENSES</b>							
DEPRECIATION AND AMORTIZATION	35,533,945	2,410,136	-	-	-	-	37,944,081
<b>Total operating expenses</b>	<b>631,415,356</b>	<b>143,730,002</b>	<b>(228,341)</b>	<b>3,064</b>	<b>613,842</b>	<b>(16,731,131)</b>	<b>758,802,793</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>6,873,087</b>	<b>(28,942,915)</b>	<b>228,341</b>	<b>(3,064)</b>	<b>323,797</b>	<b>3,053,853</b>	<b>(18,466,901)</b>
<b>NON-OPERATING INCOME (EXPENSE):</b>							
Investment income	5,354,595	164	49	105	-	-	5,354,913
Unrealized loss on interest rate swap	5,324,960	-	-	-	-	-	5,324,960
Interest expense	(62,910,994)	(124,334)	-	-	-	120,471	(62,914,857)
Property tax revenue	47,700,000	-	-	-	-	-	47,700,000
Other - net	2,804,432	1,759,355	1,921,723	(1,891,890)	-	(3,174,324)	1,419,295
<b>Total non-operating expense - net</b>	<b>(1,727,007)</b>	<b>1,635,185</b>	<b>1,921,772</b>	<b>(1,891,785)</b>	<b>-</b>	<b>(3,053,853)</b>	<b>(3,115,689)</b>
<b>CHANGE IN NET POSITION</b>	<b>5,146,080</b>	<b>(27,307,730)</b>	<b>2,150,113</b>	<b>(1,894,849)</b>	<b>323,797</b>	<b>-</b>	<b>(21,582,589)</b>
Interfund Capital Support - PHMG							-
Interfund Operating Support - PHMG	(28,917,022)	27,247,825	-	-	-	-	(1,669,197)
Interfund Support - Graybill							-
Interfund - PHMG	(28,917,022)	27,247,825	-	-	-	-	(1,669,197)
<b>NET POSITION - Beginning of year</b>	<b>151,881,100</b>	<b>570,204</b>	<b>(2,147,176)</b>	<b>1,894,849</b>	<b>699,771</b>	<b>(3,836,585)</b>	<b>149,062,164</b>
<b>NET POSITION - Year to date</b>	<b>128,110,158</b>	<b>510,299</b>	<b>2,937</b>	<b>-</b>	<b>1,023,568</b>	<b>(3,836,585)</b>	<b>125,810,377</b>

EBIDA 79,276,349  
EBIDA Margin 10.7%

Note: Financial Performance includes GO Bonds