

Board Finance Committee Meeting Minutes – Friday, October 3, 2025

Agenda Item

Conclusion/Action

Discussion

Notice Of Meeting

Notice of Meeting was posted at the Palomar Health Administrative Office at 2125 Citracado Parkway, Escondido, CA. 92029; also posted with agenda packet on the Palomar Health website on September 30, 2025. An amended agenda packet was posted on the Palomar Health website on Thursday, October 2, 2025.

Call To Order

The meeting, which was held in the Linda Greer Board Room at 2125 Citracado Parkway, Suite 300, Escondido, CA. 92029, and virtually, was called to order at 10:32 a.m. by Chair Linda Greer.

I. Establishment of Quorum

- Quorum determined by roll call vote comprised of: Director Linda Greer, Director Michael Pacheco, Diane Hansen, Mark Goldsworthy, MD (virtual), and Andrew Nguyen, MD (virtual)
- Excused Absences: Director Jeff Griffith

II. Public Comments

- No public comments

III. Action Items	
a. Finance Committee Minutes, September 5, 2025	<p>MOTION by Hansen, 2nd by Pacheco to approve the Finance Committee Minutes from September 5, 2025, as written.</p> <p>Roll call voting was utilized. Director Greer - aye Director Griffith – absent Director Pacheco – aye Hansen – aye Goldsworthy, MD – aye Nguyen, MD - aye</p> <p>Five in favor. None opposed. One absent. None abstained. Motion approved.</p>
<p>Discussion:</p> <ul style="list-style-type: none"> No discussion 	
b. August Guidehouse Update	NO MOTION, INFORMATIONAL ONLY
<p>Discussion:</p> <ul style="list-style-type: none"> Jared Dougherty, Guidehouse, shared a presentation with the committee. Jared Dougherty noted the presentation is an updated version as an error was found in the posted presentation. The updated presentation will be attached to the October 3, 2025, approved minutes when posted. (Attached) 	

c. YTD FY2026 and August 2025 Financials

MOTION by Pacheco, 2nd by Hansen to approve YTD FY2026 and August 2025 Financials and move to the Board of Directors for ratification.

Roll call voting was utilized.

Director Greer - aye

Director Griffith – absent

Director Pacheco – aye

Hansen – aye

Goldsworthy, MD – aye

Nguyen, MD - aye

Five in favor. None opposed. One absent. None abstained.
Motion approved.

Discussion:

- Andrew Tokar, Chief Financial Officer, presented the YTD FY2026 and August 2025 Financials to the Committee. Committee discussion ensued.

Final Adjournment

Meeting adjourned by Chair Greer at 11:14 a.m.

Signatures:

Committee Chair



Linda Greer, RN

Committee Assistant



Carla Albright

Margin Improvement / Turnaround Project Financial Update

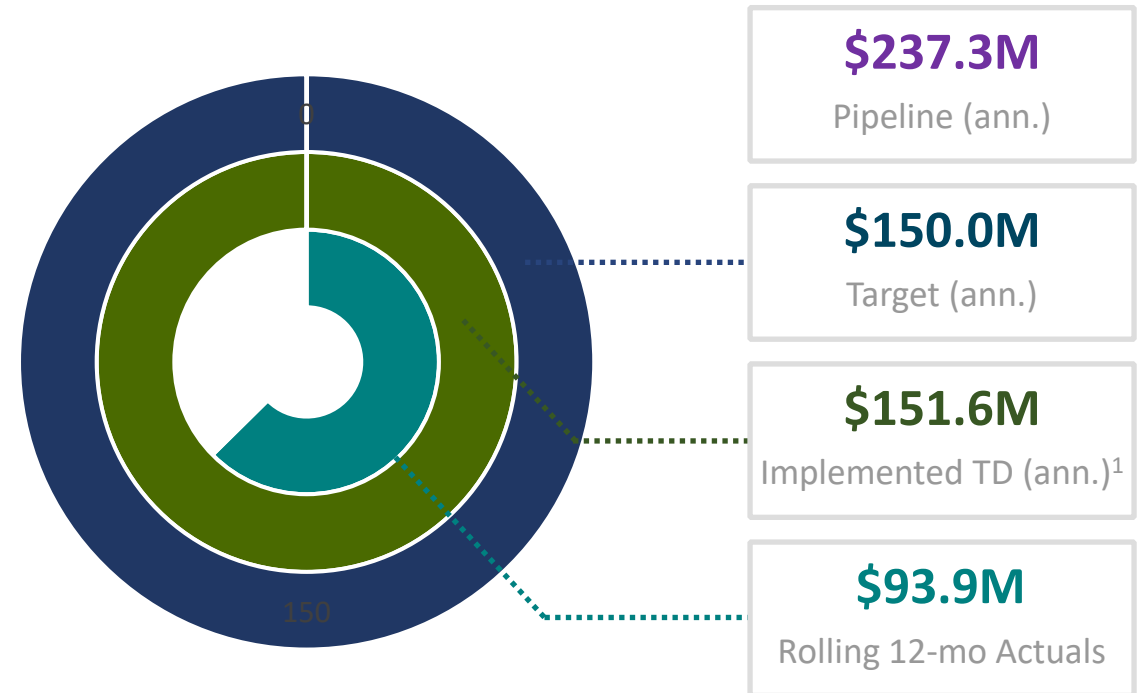
Reporting Month: Aug-25

October 3, 2025

Palomar Health has implemented \$151.6M of initiatives, achieving annual improvement target; \$93.9M realized over past 12 months

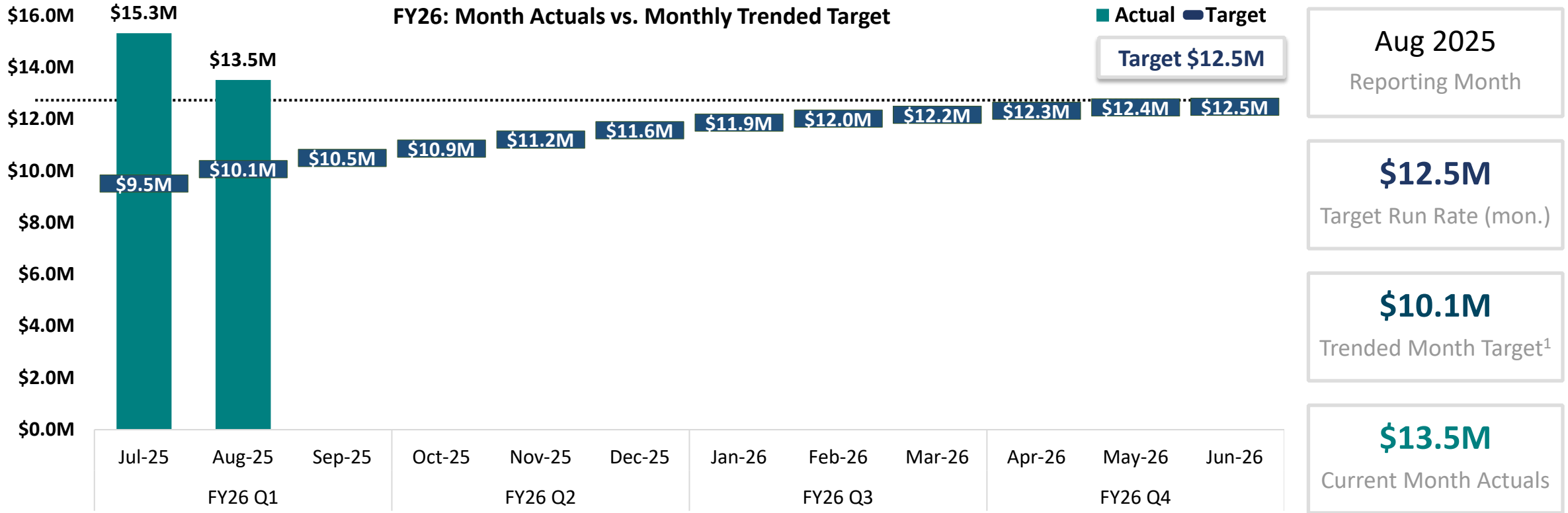
Key upcoming high value initiatives include:

- ❑ **\$17.0M** **Denials Reduction** | Initial and fatal denials reduction, supported by UM improvement
- ❑ **\$4.5M** **PHMG** | Increased PB and HB revenue through improved patient access & capacity management
- ❑ **\$4.3M** **Premium Pay & Bonus Programs** | Implementing strategies to reduce agency and premium pay; Review of bonus, recruitment and incentive programs to align with best practices
- ❑ **\$5.2M** **Care Transitions** | Reinvigorate efforts to hardwire processes, improve throughput and optimize post-acute care (SNF) integration
- ❑ **\$2.0M** **OR Capacity** | Optimize perioperative scheduling and DOS workflows to minimize cancellations and maximize operating room capacity



Pipeline value has decreased **\$9.5M** from **\$246.8M** reported at 9/5 Finance Committee; decrease driven by refreshed PHMG Provider Productivity opportunity using current provider list, reevaluated Corporate Services expense reduction targets based on realistic targets, and adjusted strategic growth targets based on recent volume trends. Implemented value has increased **\$6.7M** from previously reported **\$145.0M**; increase primarily driven by sustained reduction of Avoidable Write-Offs.

Initiative performance in August 2025 resulted in \$13.5M in realization, exceeding monthly target of \$10.1M



August performance surpassed both the month’s forecast of \$10.1M and overall monthly run-rate goal of \$12.5M. Realization was driven by ongoing revenue cycle efforts, effective management of labor expenses, and IP length of stay (LOS) reduction. Performance in August declined from previous month due to non-recurring expenses in corporate departments. July actuals reported on 9/5 were retrospectively updated from \$13.6M to \$15.3M; previous workforce actuals did not include adjustment for monthly RN bonus accruals or PHMG provider wRVU improvement.

¹Workstream targets were established and communicated to board 1/27/25; actuals will be tracked against month targets moving forward. Monthly realization targets are trended to reflect initiative implementation timelines, building to a \$12.5M improvement to monthly run rate, annualized to \$150M

Hardwired expense management, targeted revenue growth, and acceleration of new initiatives have helped sustain improvements

Workstream	Jul		Aug (Current Month)		Sep	Status
	Target	Actual	Target	Actual	Target	
Revenue Cycle	\$2.9M	\$8.0M	\$3.0M	\$7.6M	\$3.1M	On Track
PHMG	\$1.2M	\$0.5M ¹	\$1.3M	\$0.2M	\$1.4M	Caution
Workforce & Periop	\$1.3M	\$1.9M ¹	\$1.5M	\$3.2M	\$1.6M	On Track
Corporate Services	\$1.2M	\$0.7M	\$1.2M	(\$0.9M)	\$1.3M	At Risk
Hospital Strategy	\$1.6M	\$1.1M	\$1.2M	\$0.3M	\$1.3M	Caution
Care Transitions & PSA	\$1.0M	\$1.8M	\$1.0M	\$2.3M	\$1.0M	On Track
Supply Chain & PS	\$0.7M	\$0.7M	\$0.7M	\$0.8M	\$0.8M	On Track
Facilities & Real Estate	\$0.1M	\$0.0M	\$0.1M	\$0.0M	\$0.2M	Caution
Total:	\$9.5M	\$15.3M	\$10.1M	\$13.5M	\$10.5M	

¹Jul-25 actuals adjusted to include PHMG provider productivity improvement and account for monthly RN Bonus accruals under Workforce.

Key Updates

- **Revenue Cycle:** Avoidable Write-Offs as a % of NPR has remained under 3% the past 3 months; recent HB cash collections have achieved record levels
- **PHMG:** Developing targeted productivity strategies to drive cost efficiencies, improved access and volume growth
- **Workforce:** Sustained rigor of labor productivity management and agency utilization will keep departments on track to achieve budget targets
- **Corporate Services:** Non-recurring expenses contribute to increases in Marketing, HR, and Legal department spend; decrease expected in future months
- **Hospital Strategy:** Radiation Oncology growth through HDR implementation and volume backlog; Cath Lab growth lagging budget projections
- **Supply Chain:** All active initiatives fully implemented
- **Facilities & Real Estate:** Fielding inquiries into posted properties; sublease agreements underway

Aug 2025
Reporting Month

\$10.1M
Trended Month Target

\$13.5M
Current Month Actuals

Status		
On Track	Caution	At Risk