

FINANCE COMMITTEE

Meeting Agenda

Thursday, April 2, 2026

3:30 p.m.

Please see page 2 for meeting location options

		<i>The Board may take action on any of the items listed below, including items specifically labeled "Informational Only"</i>		
		Time	Form A Page	Target
Call To Order				
I.	Establishment of Quorum	1		3:00
II.	Public Comments ¹	30		3:30
III.	Action Item(s) <i>(ADD A)</i>			
	A. Finance Committee Minutes, March 3, 2026 <i>(Pp 6-8)</i>	5		3:35
	B. February 2026 Guidehouse Update – <i>Informational Only (Pp 9-12)</i>	20		4:00
	C. YTD FY2025 and February 2026 Financials	25		4:25
Final Adjournment				

Board Finance Committee Members

Voting Members	Non-Voting Members
Linda Greer, RN, Chair	Andrew Tokar, Chief Financial Officer
Michael Pacheco, Director	Omar Khawaja, MD, Chief Medical Officer
Jeff Griffith, EMT-P, Director	Mel Russell, RN, Chief Nurse Executive/Chief Operating Officer
Diane Hansen, President & CEO	Melissa Wallace, Vice President, Finance
Andrew Nguyen, MD, Chief of Staff Palomar Medical Center Escondido	
Mark Goldsworthy, MD, Chief of Staff Palomar Medical Center Poway	
Alternate Voting Members	
Laurie Edwards-Tate, MS – 1 st Board Alternate	
Paul Ritchie, MD, Chief of Staff-Elect, Poway	

Note: If you need special assistance to participate in the meeting, please call 760.740.6375, 48 hours prior to the meeting so that we may provide reasonable accommodations.

¹ 3 minutes allowed per speaker. For further details, see Request for Public Comment Process and Policy on page 3 of the agenda.

Board Finance Committee

Meeting Location Options

Linda Greer Board Room

2125 Citracado Parkway, Suite 300, Escondido, CA 92029

- Elected Board Members of the Palomar Health Board of Directors will attend at this location, unless otherwise noticed below
- Non-Board member attendees, and members of the public may also attend at this location

<https://www.microsoft.com/en-us/microsoft-teams/join-a-meeting?rtc=1>

Meeting ID: 278 275 018 009 51

Pass Code: 5Dg6mb3Y

or

Dial in using your phone at 929.352.2216; Access Code: 877 395 022#¹

- Non-Board member attendees, and members of the public may also attend the meeting virtually utilizing the above link

- 2198 Palomar Airport Road, Carlsbad, CA 92008

- An elected member of the Board of Directors will be attending the meeting virtually from these locations

¹ New to Microsoft Teams? Get the app now and be ready when your first meeting starts: [Download Teams](#)

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.

Board Finance Committee Meeting

Meeting will begin at 3:30 p.m.



Request for Public Comments

If you would like to make a public comment, submit your request by doing the following:

- **In Person: Submit a Public Comment Form, or verbally submit a request, to the Board Clerk**
- **Virtual: Enter your name and “Public Comment” in the chat function**

Those who submit a request will be called on during the Public Comments section and given 3 minutes to speak.

Public Comments Process

Pursuant to the Brown Act, the Board of Directors can only take action on items listed on the posted agenda. To ensure comments from the public can be made, there is a 30 minute public comments period at the beginning of the meeting. Each speaker who has requested to make a comment is granted three (3) minutes to speak. The public comment period is an opportunity to address the Board of Directors on agenda items or items of general interest within the subject matter jurisdiction of Palomar Health.

ADDENDUM A

Board Finance Committee Meeting Minutes – Tuesday, March 3, 2026

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 an Agenda and Information Packet on the Palomar Health website on Friday, February 27, 2026.

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 3:03 p.m. by Director Michael Pacheco.

I. Establishment of Quorum

- Quorum determined by roll call vote comprised of: Director Jeff Griffith; Director Michael Pacheco; Diane Hansen; Andrew Nguyen, M.D. (virtual)
- Absence(s): Director Linda Greer (Excused); Mark Goldsworthy, MD

II. Public Comments

- No public comments

III. Action Items	
<p>A. Finance Committee Minutes, February 2, 2026</p>	<p>MOTION by Diane Hansen, 2nd by Director Jeff Griffith to approve the Finance Committee Minutes from February 2, 2026 as written.</p> <p>Roll call voting was utilized. Director Greer - absent Director Griffith – aye Director Pacheco – aye Diane Hansen –aye Mark Goldsworthy, MD – absent Andrew Nguyen, MD – aye</p> <p>Four in favor. None opposed. Two absent. No abstention(s).</p> <p>Motion approved.</p>
<p>Discussion:</p> <ul style="list-style-type: none"> • No discussion 	
<p>B. January 2025 Guidehouse Update</p>	<p>NO MOTION, INFORMATIONAL ONLY</p>
<p>Discussion:</p> <ul style="list-style-type: none"> • Jared Dougherty, Guidehouse, shared a presentation with the committee. 	
<p>C. YTD FY2025 and January 2026 Financials</p>	<p>MOTION by Director Jeff Griffith, 2nd by Diane Hansen to approve YTD FY2025 and January 2026 Financials and move to the Board of Directors for ratification.</p> <p>Roll call voting was utilized. Director Greer - absent Director Griffith – aye Director Pacheco – aye Diane Hansen –aye Mark Goldsworthy, MD – absent Andrew Nguyen, MD – aye</p> <p>Four in favor. None opposed. Two absent. No abstention(s).</p> <p>Motion approved.</p>

Discussion:

- Andrew Tokar, Chief Financial Officer, presented the YTD FY2025 and January 2026 Financials to the Committee. Committee discussion ensued.

Final Adjournment

Meeting adjourned by Director Michael Pacheco at 3:44 p.m.

Signatures:

Committee Chair

Linda Greer, RN

Committee Assistant

Janet Kren

Margin Improvement / Turnaround Project Financial Update

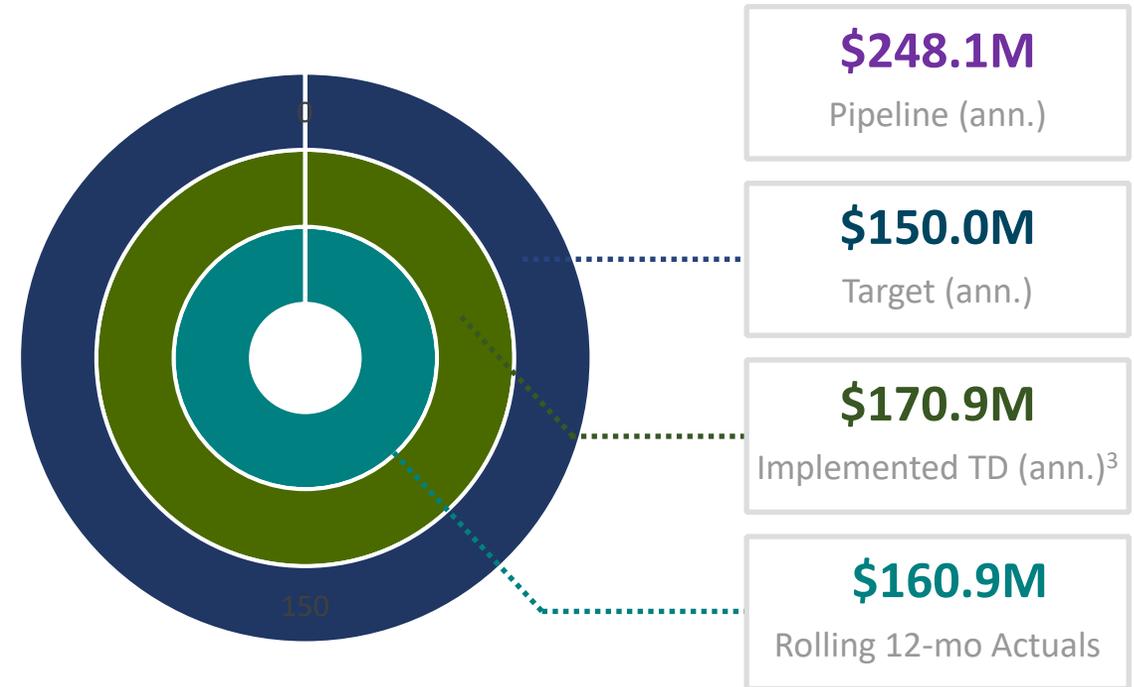
Reporting Month: Feb-26

April 2, 2026

Palomar Health implemented \$170.9M (~19% of NOR¹), surpassing its improvement target with \$160.9M realized in past 12-months

High Value Initiatives (*in progress*):²

- \$19.1M** **Denials Reduction** | Initial and fatal denials reduction, supported by UM improvement through operational management tools and payer interaction tactics
- \$1.4M** **Care Transitions** | Reinvigorate efforts to hardwire processes, improve throughput and optimize post-acute care (SNF) integration / referral strategy
- \$0.5M** **Human Resources & Bonus Programs** | Department spend and restructuring; aligning bonus, recruitment and incentive programs with best practices
- \$0.1M** **PHMG** | Increased PB and HB revenue through improved patient access, capacity management, & collections; hardwire performance improvement framework
- \$0.3M** **Real Estate** | Sublease of satellite building



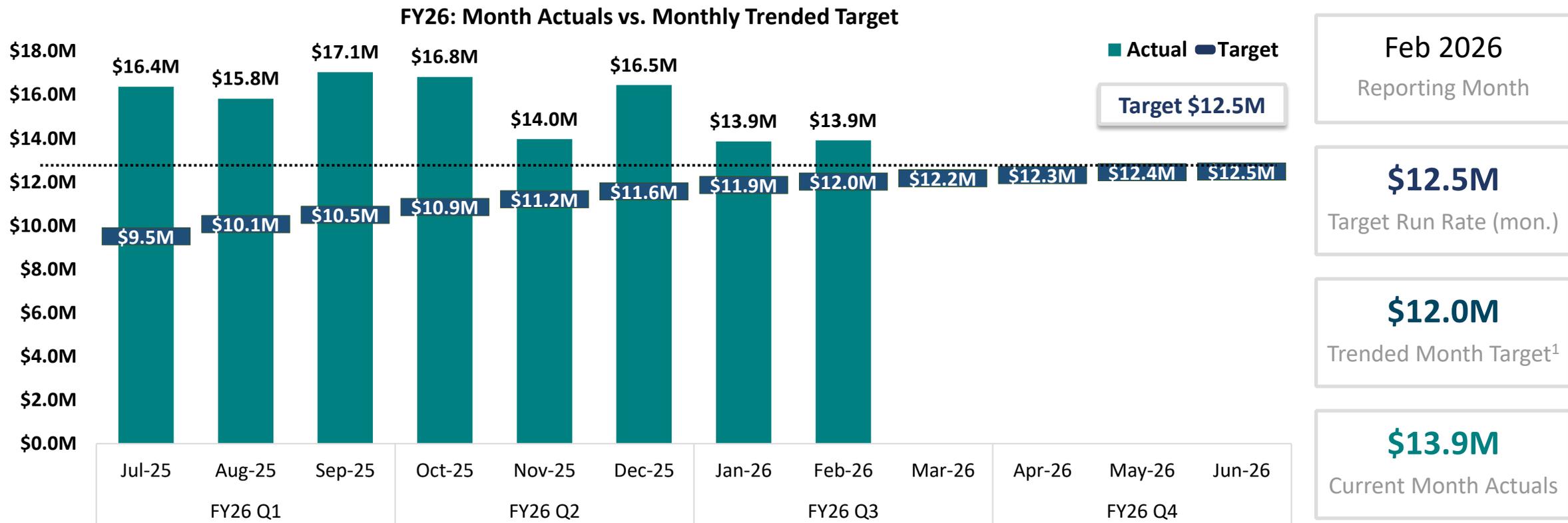
A target of \$150M in margin improvement was initially identified based on assessment of operating gap and FY24 results. Rigorous turnaround efforts over the past 18 – 20 months have resulted in realization of this target; improvement initiatives have achieved a run rate of \$160.9M. Compared to prior reporting month, Pipeline value remains the same, while amount Implemented has increased by \$13.3M as a reflection of FYTD26 actuals exceeding forecast. Primary drivers include denials reduction and IP LOS work, with confidence factors updated to reflect progress. Rolling 12-month annual run-rate has increased each month as implemented initiatives ramp up and achieve full impact.

¹% of NOR calculated using Implemented Dollars / Consolidated NOR, source: FY25 pre-audited year end financials

²Value of high value initiatives reflect remaining projected benefit for FY26 (Mar – Jun 2026)

³Implemented to date (TD) reflects pipeline initiatives actively implemented, with a confidence factor applied to projected impact

Initiative performance in February 2026 resulted in \$13.9M in realization, exceeding monthly target of \$12.0M



February results maintained prior month's run rate, despite lower volumes for the system overall as expected for the shorter month. Initiatives impacting diminished results include Denials Reduction with an increase in Avoidable Write-Offs, volume growth initiatives including the SNF and Cath Lab, and Care Transitions with observed Length of Stay (LOS) higher than expected. Lower performance from these initiatives were offset by demonstrated labor efficiencies, reduced corporate expenses, and retroactive inclusion of impact from payer rate increases. Implementation and acceleration of remaining initiatives will help sustain a run-rate over monthly target of \$12.5M moving into FY27.

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

Overall turnaround progress exceeds target; however, additional opportunities remain to drive further workstream improvement

Workstream	Jan		Feb (Current Month)		Mar	Status
	Target	Actual	Target	Actual	Target	
Revenue Cycle	\$3.2M	\$7.9M	\$3.2M	\$6.7M	\$3.3M	On Track
PHMG	\$1.7M	\$0.3M	\$1.8M	\$0.1M	\$1.9M	At Risk
Workforce & Periop	\$2.1M	\$1.5M	\$2.1M	\$3.7M	\$2.1M	On Track
Corporate Services	\$1.6M	\$0.03M	\$1.6M	\$0.9M	\$1.6M	At Risk
Hospital Strategy	\$1.3M	\$1.4M	\$1.3M	(\$0.1M)	\$1.3M	At Risk
Care Transitions & PSA	\$1.0M	\$1.8M	\$1.0M	\$1.8M	\$1.0M	On Track
Supply Chain & PS	\$0.8M	\$0.9M	\$0.8M	\$0.9M	\$0.8M	On Track
Facilities & Real Estate	\$0.3M	\$0.04M	\$0.3M	\$0.04M	\$0.3M	On Track
Total:	\$11.9M	\$13.9M	\$12.0M	\$13.9M	\$12.2M	

Key Updates

- **Revenue Cycle:** Avoidable Write-Offs as a % of NPR increased to 6% in Feb-26 as older uncollectible AR was written-off; additional UM tactics are underway to help decrease Medical Necessity & Authorization denials; payer rate increases validated and are driving consistent monthly impact
- **PHMG:** Provider-specific & operational performance improvement action plans underway; investigating low wRVU production in Feb and planning for growth in FY27
- **Workforce:** Labor spend lower than baseline despite higher patient volume; Salaries and Contract Labor was only 40% of NPR; results demonstrate rigor of workforce management
- **Corporate Services:** Savings from HR insourcing initiative beginning to demonstrate realization; Marketing spend has been controlled; Legal expenses continue to be higher but expected to taper in FY27
- **Hospital Strategy:** Cath Lab, Radiation Oncology, and SNF volumes were lower in Feb-26; SNF ADC is trending down at YTD ADC of 52, indicating opportunity for targeted tactics to increase admissions and referral strategy
- **Care Transitions & PSA:** Escondido IP Observed to Expected LOS (O/E) was higher than baseline, demonstrating remaining opportunity to hardwire rounding and care management processes

Feb 2026
Reporting Month

\$12.0M
Trended Month Target

\$13.9M
Current Month Actuals

Status		
On Track	Caution	At Risk