

Posted  
Thursday,  
January 16, 2025



# SPECIAL SESSION BOARD OF DIRECTORS

## Meeting Agenda

Friday, January 17, 2025

10:00 a.m.

Please see page 2 for meeting location options

	Time	Target
<b>Call To Order</b>		<b>10:00</b>
<b>I. Establishment of Quorum</b>	1	10:01
<b>II. Public Comments<sup>1</sup></b>	30	10:31
<b>III. Administrative Reports (ADD A)</b>	160	1:11
<ul style="list-style-type: none"> <li>a. Strategic and Facilities Planning Report (Pp 6-14)</li> <li>b. Quality Review Report (Pp 15-40)</li> <li>c. Human Resources Report (Pp 41-52)</li> <li>d. PHMG Update (Pp 53-66)</li> <li>e. Finance Report (Pp 67-85)</li> </ul>		
<b>IV. Adjournment to Closed Session</b>	2	1:13
<ul style="list-style-type: none"> <li>a. Pursuant to California Government Code § 54956.9(d)(2)—CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION—Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Section 54956.9: One (1) potential case</li> </ul>	30	1:43
<b>V. Re-Adjournment to Open Session</b>	2	1:45
<b>VI. Action Resulting From Closed Session – If any</b>	5	1:50
<b>VII. Final Adjournment</b>		<b>1:50</b>

NOTE: If you need special assistance to participate in the meeting, please call 760.740.6375 with requests 72 hours prior to the event, so we may provide reasonable accommodations.

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

# Board of Directors Meeting Location Options

*Palomar Medical Center Escondido  
1<sup>st</sup> Floor Conference Room  
2185 Citracado Parkway, 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: 277 730 023 264**

**Passcode: 5yT9Ar7b**

or

**Dial in using your phone at 929.352.2216; Access Code: 934 003 616#<sup>1</sup>**

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

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

DocID: 21790  
Revision: 9  
Status: Official

**Source:**  
Administrative  
Board of Directors

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

**Applies to Departments:**  
Board of Directors

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

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**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.

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

Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at

[https://www.lucidoc.com/cgi/doc-gw.pl?ref=pphealth:21790\\$9](https://www.lucidoc.com/cgi/doc-gw.pl?ref=pphealth:21790$9).

# Special Session Board of Directors Meeting

Meeting will begin at 10:00 a.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



# FACILITIES & CONSTRUCTION UPDATE

*“BUILDING THE FUTURE OF CARE:  
ALWAYS IN MOTION.”*





**Cath Lab 5  
Interventional  
Radiology**



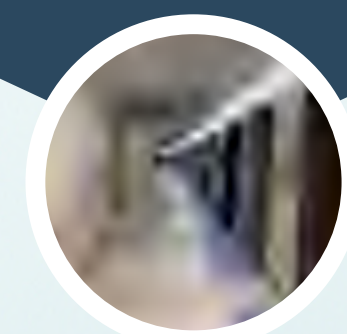
**Main Entry  
Driveway Project**



**ED Multi-Station  
Treatment Room**



**PMCE  
9th Floor  
Inpatient Unit**



**PMCP Villas  
Refresh**



**POP  
Imaging Center**





# CATH LAB 5 INTERVENTIONAL RADIOLOGY UPGRADE (PMCE)

**Purpose:** Upgrade to support more cases in interventional radiology (IR) and electrophysiology (EP)

**Key Features:**

- State-of-the-art Level 3 equipment for minimally invasive, image-guided procedures
- Supports diagnosis and treatment of heart, blood vessel, and other conditions (e.g., clogged arteries, irregular heartbeats)

**Approvals & Design:**

OSHPD approvals secured for design review process

**Operational Improvements:**

- Separates EP room freeing up space for neuro and vascular cases
- Doubles EP capacity (from 2.5 to 5 days/week)
- Improves IR workflow with two large rooms available 5 days/week
- Reduces delays, improving patient outcomes and length of stay

**Impact:**

Enhanced physician and staff satisfaction (IR, EP, vascular, neuro)





# MAIN ENTRY DRIVEWAY PROJECT (PMCP)

## **Goal:**

Create a direct, efficient entry to the campus

## **Current Issues:**

- Original design made sense with the footprint at the time but became inefficient due to campus expansion
- Traffic delays at Pomerado entry due to confusion

## **Upgrades:**

- Resort-like entryway
- Updated landscaping and irrigation
- New walkway showcasing Palomar's history in the Poway community

## **Impact:**

- Improves first impression of the hospital
- Enhances patient and visitor experience

# EMERGENCY DEPARTMENT MULTI-STATION TREATMENT ROOM



- Verti-Care at Poway features enhanced capacity to deliver care in a new 5-bay patient triaging space.
- Separate care pathways: ensures patients requiring monitoring or life-saving interventions receive prompt attention, while less acute patients remain ambulatory and follow a streamlined care process.
- Optimizes patient flow: improves operational efficiency, reduces length of stay for discharged patients, and increases physical capacity within the facility.
- Aligns with the online check-in system to accommodate greater patient volumes while fostering convenience and satisfaction.
- With hours of operation 12 PM to 12 AM daily, this initiative underscores Palomar's commitment to delivering high-quality, patient-centered care.

# 9TH FLOOR INPATIENT UNIT (PMCE)

## **Overview:**

New 24-bed inpatient unit

## **Design Features:**

- 24 additional telemetry beds to improve throughput for the Emergency Department
- Improved “real estate” for Emergency Department patients to be seen in patient rooms enhancing safety and experience

## **Current Phase:**

Licensing review with HCAi (Health Care Access and Information)

## **Impact:**

Supports additional inpatient capacity to meet community needs



# PMCP VILLAS REFRESH



## **Purpose:**

Modernize and enhance the experience at our top-ranked skilled nursing facility

## **Key Upgrades:**

- Revamped entryway for an elevated first impression
- Updated dining area to improve resident and visitor experience
- Enhanced courtyard for a more enjoyable and functional outdoor space

## **Impact:**

- Supports continued excellence in patient care
- Improves resident and family satisfaction
- Reinforces reputation as a top-tier skilled nursing facility

# PALOMAR OUTPATIENT PAVILION (POP) IMAGING CENTER MRI

## **Current Situation:**

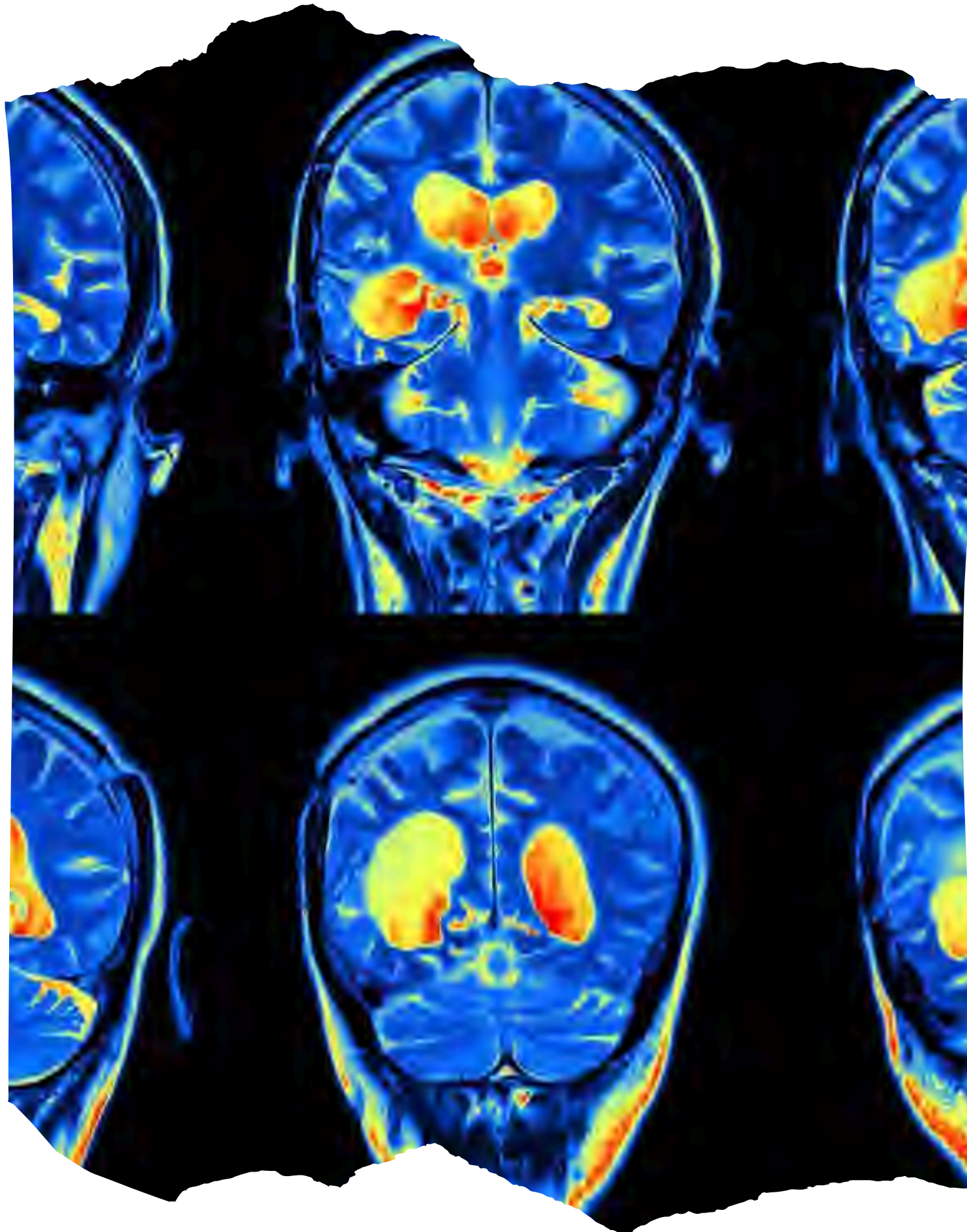
MRI is in a trailer due to limited space at Poway campus

## **Planned Upgrades:**

- New MRI center in POP building behind the main campus
- State-of-the-art equipment and expanded control station for better monitoring
- Additional square footage for enhanced care delivery

## **Impact:**

- Provides higher levels of care
- Streamlines imaging operations





THANK YOU!

# Quality and Patient Safety

## Presentation to Board of Directors

Omar Khawaja, MD, MBA, Chief Medical Officer

Valerie Martinez RN,BSN,MHA,CIC,CPHQ,CPPS

Sr. Director Quality/Patient Safety/Infection Control

January 17, 2025

# Quality Assessment Performance Improvement (QAPI) Program

- Quality Assessment Performance Improvement (QAPI) program
  - provides a mechanism to systematically examine the quality of care delivered and implement specific improvement projects on an ongoing basis for all of the services provided by the hospital
- QAPI written plan
  - provides a framework for an effective, comprehensive, data driven program that focuses on the indicators that reflect outcomes of high quality and safe patient care





# Quality Assessment Performance Improvement (QAPI)

Quality  
Assessment  
(QA)

- A systematic process that evaluates and improves the effectiveness of services, or outcomes

Performance  
Improvement  
(PI)

- Ongoing interdisciplinary process that is designed to improve the delivery of services and outcomes

QA & PI are  
complimentary  
approaches to  
Quality  
Management!

# Elements of QAPI

## Governance & Leadership

Develop culture and seek interdisciplinary input

## Feedback, Data Systems & Monitoring

Systems in place to monitor care and services, drawing data from multiple sources

## Performance Improvement Projects

Concentrated effort on a particular problem in one department, facility wide, or system wide

## Systemic Analysis & Action

Systematic approach to determine when in-depth analysis is needed to fully understand the problem, causes and implications of change

## Design & Scope

Ongoing and comprehensive program by integrating all services offered

# Root Cause Analysis (RCA)

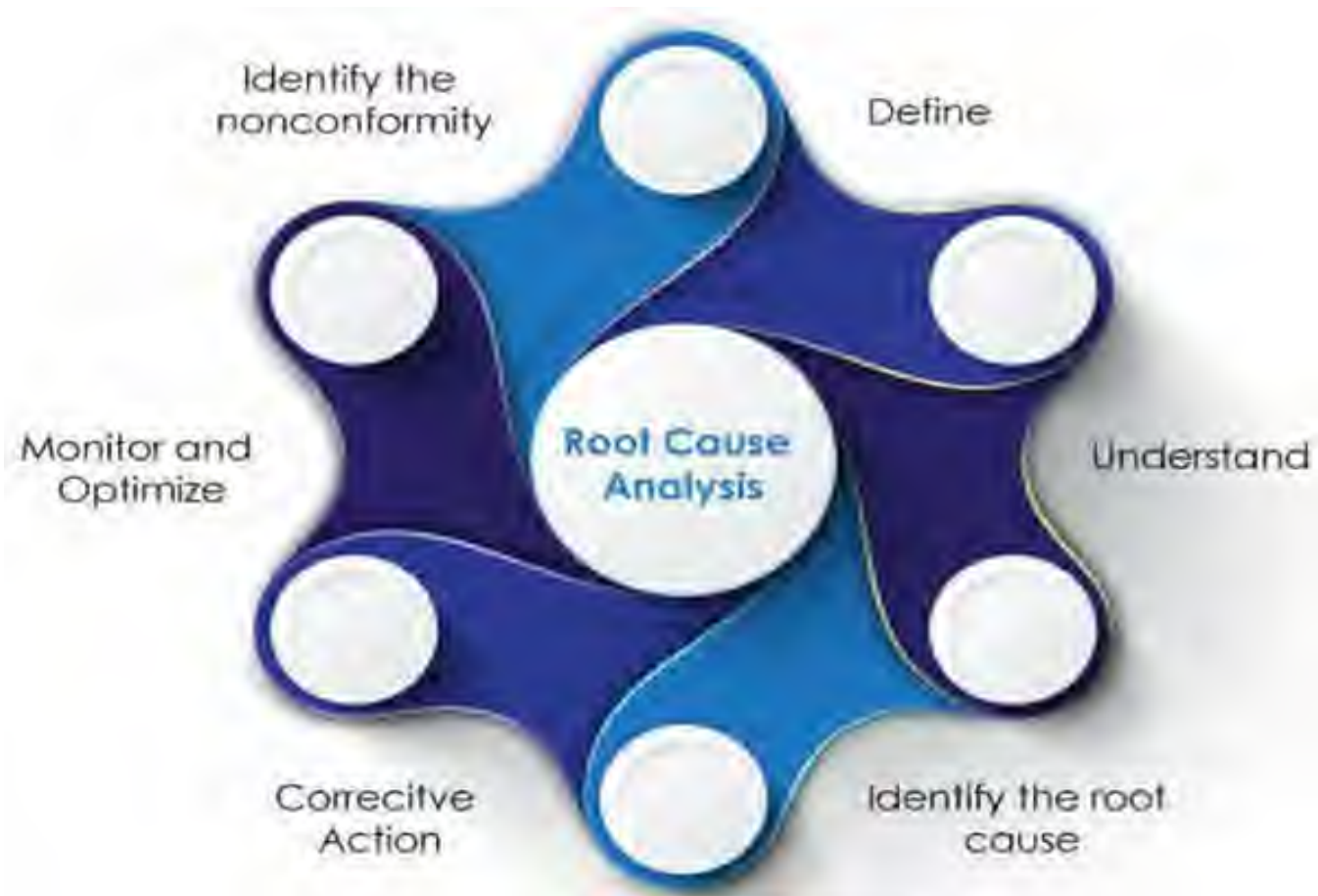
## What is a RCA

- a structured facilitated team process that identifies root causes of an event that resulted in an undesired outcome
- helps to identify breakdowns in processes and systems that contributed to the event and how to prevent future events

## Purpose of a RCA

- to prevent similar issues from occurring in the future by addressing the core issues rather than just treating symptoms

# Process of RCA



# Failure Modes Effects Analysis (FMEA)

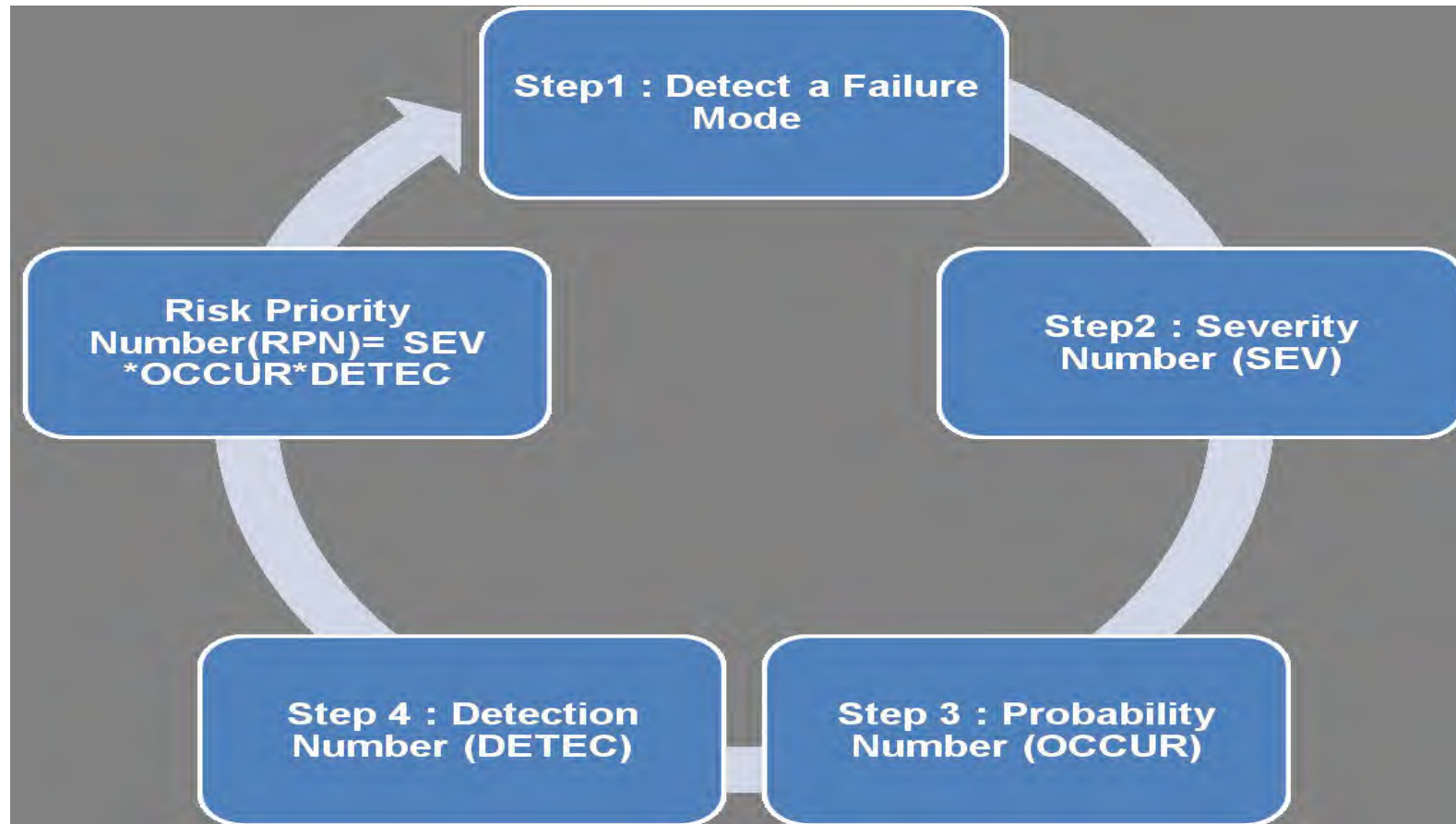
What is a FMEA

- a structured and systematic process for identifying and addressing potential failures in a system or process before an adverse event occurs

Purpose of FMEA

- evaluate a new process to identify potential issues before it is implemented
- evaluate an existing process to understand how changes might impact the system

# Process of FMEA



# Quality Improvement Model - PDSA



# Quality Review Reports (QRR)

## Purpose

A mechanism to track adverse events and good catches

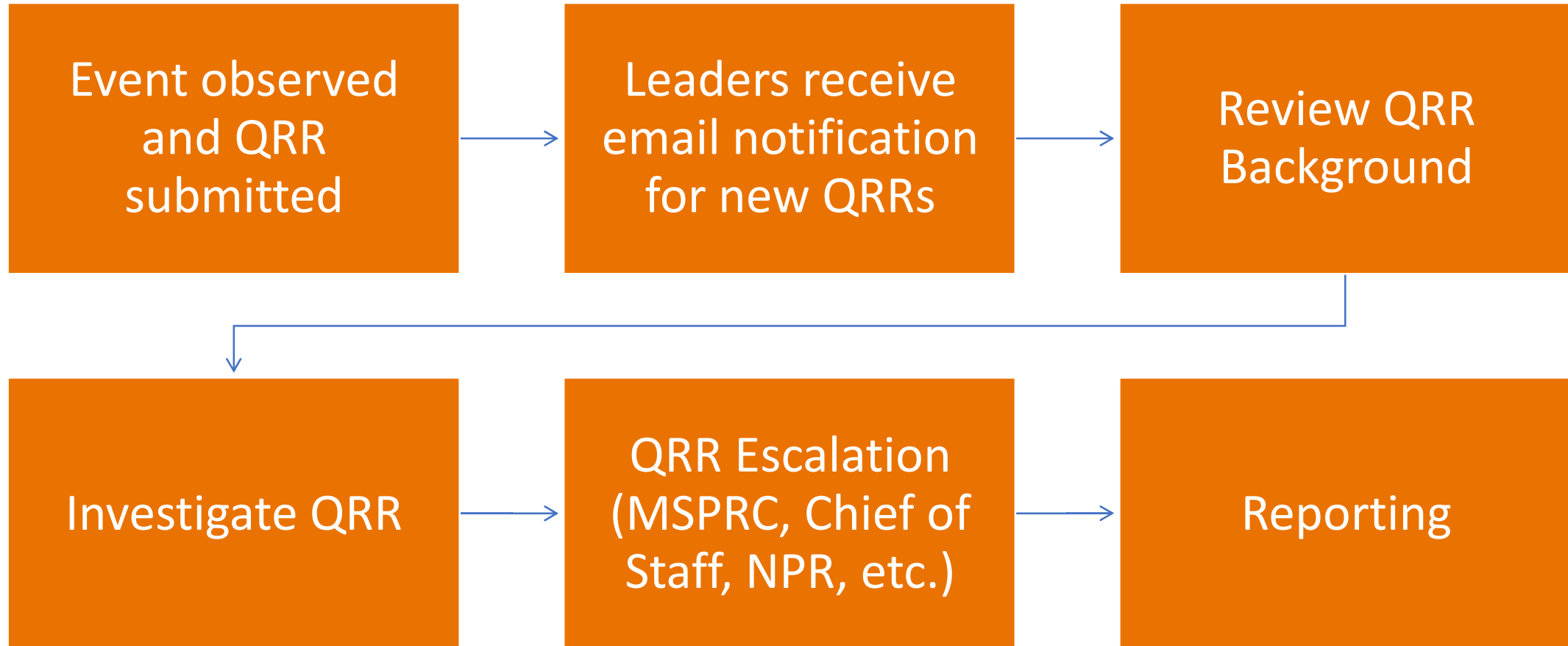
Identify patterns and trends

Understand system weaknesses

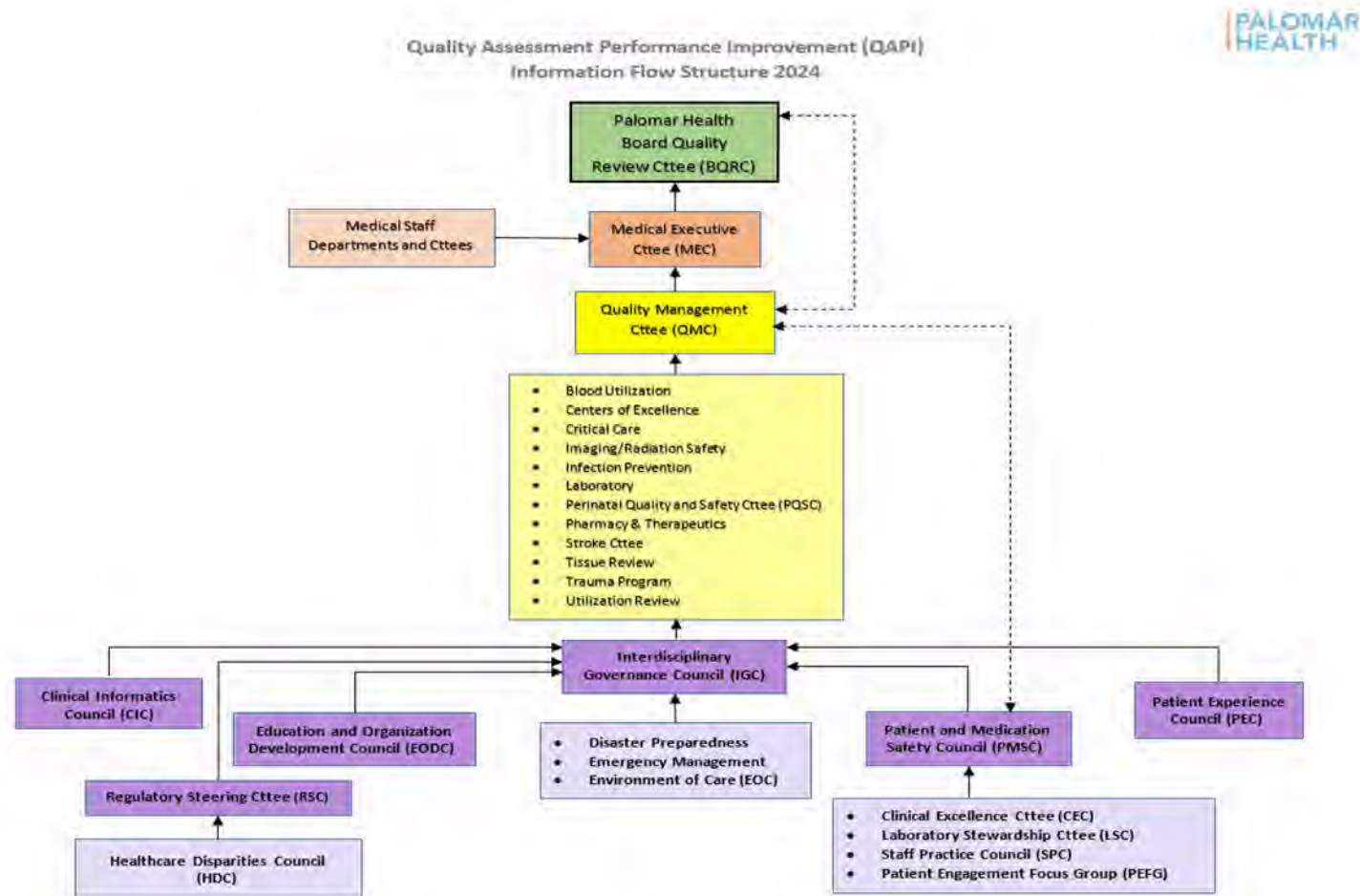
Ultimately aim to reduce the occurrence of harmful events and potential problems before they occur



# QRR Detailed Flow

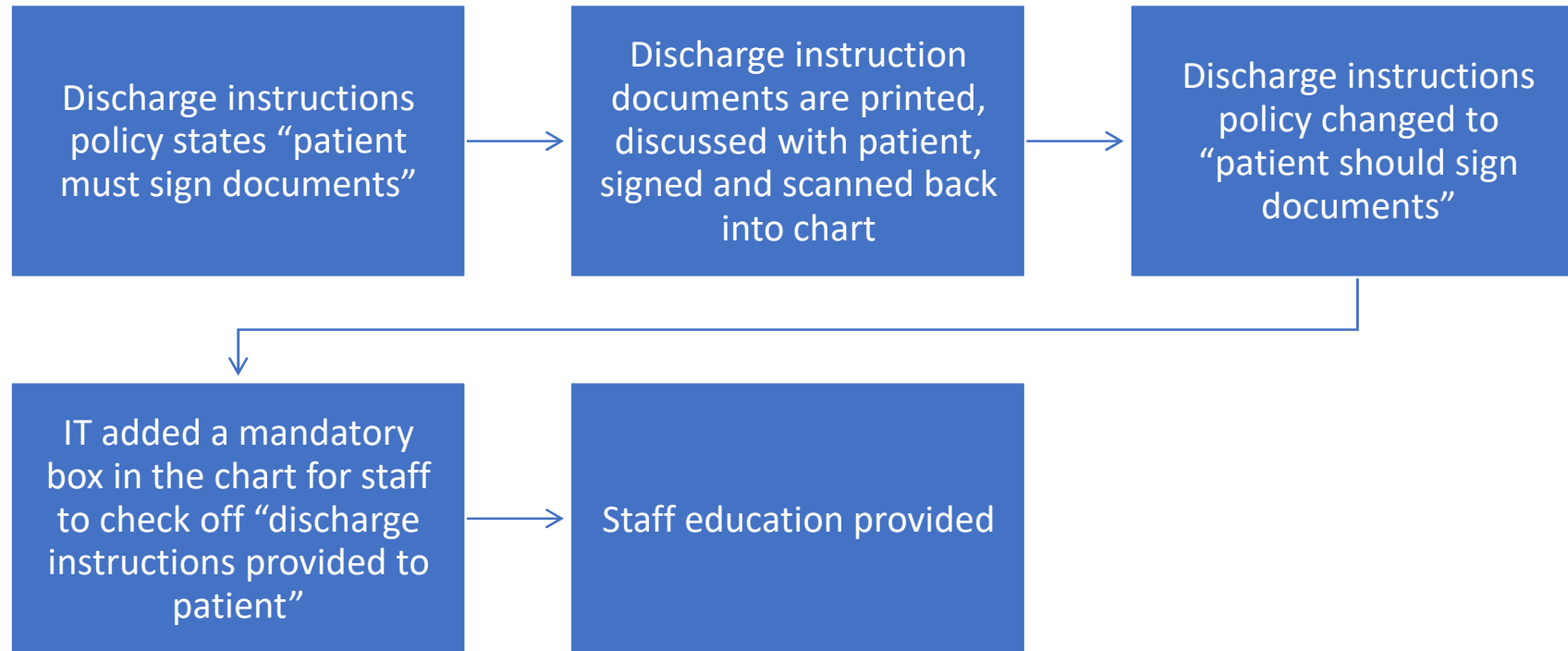


# Information Flow and Reporting



# Improvement Initiatives

# Patient Discharge Instructions



# FMEA - Opportunities to Enhance Our Fall Prevention Program

1. Adopt a fall prevention tool to better identify patients at risk for falling.
2. Adopt a fall prevention tool that encompasses a fall assessment and a mobility tool to support the fall prevention program.
3. Create comprehensive care plans that integrate information from the fall assessment and mobility tool.
4. Adopt a fall champion model to have frontline staff serve as content experts in their departments.

# FMEA Interdisciplinary Team



# Get in Line Ahead of Time with Palomar Health's Early Emergency Room Check-In



Get the care you need fast by letting your local emergency room know that you're on your way. Check in online in minutes with our convenient early check-in process and allow our world-class team to swiftly attend to your needs, providing the highest quality of care.

Available Monday - Friday from 8am - 3pm

# Discharge 60 - (DC 60)

## What

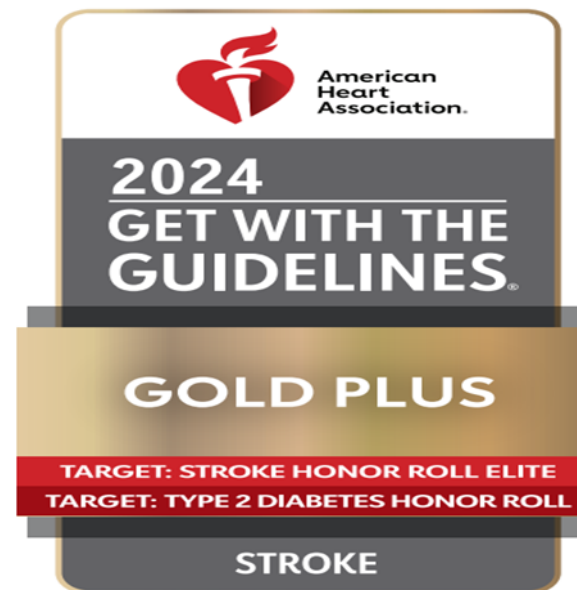
- A multi-disciplinary approach to increase the percentage of “straight home” discharges under an hour called “DC 60”
- When the provider places a discharge order (home no needs) the expectation is for the RN to discharge this patients in 60 minutes

## Why

- **Decrease boarding times in the ED**
  - Moving patients upstairs quickly to open up rooms and additional resources for the ED while decreasing the number of offloads
- **Expediting early discharges**
  - Focus on increasing the number of early discharges that leave before 1:00
- **Patient Satisfaction**
  - The team creates this impression by expediting the discharge and making sure they leave happy



# Awards and Recognition





# Certifications



**The Joint  
Commission™**



**American Heart  
Association™  
American Stroke  
Association™**

**CERTIFICATION**

Meets standards for

**Primary Stroke Center**



**The Joint  
Commission™**



**American Heart  
Association™  
American Stroke  
Association™**

**CERTIFICATION**

Meets standards for

**Thrombectomy-Capable  
Stroke Centers**



**The Joint Commission**

**AAOS**


**AMERICAN ACADEMY OF  
ORTHOPAEDIC SURGEONS**

**Advanced Total Hip and Knee Replacement Certification**



# Leapfrog Hospital Safety Grade

This Hospital's Grade



**Palomar Medical Center Escondido**

2185 Citracado Parkway  
Escondido, CA 92029

[View the full Score](#)

This Hospital's Grade



**Palomar Medical Center Poway**

15615 Pomerado Road  
Poway, CA 92064

[View the full Score](#)

# QUESTIONS





# Human Resources: Update & Review

Board Meeting | January 17, 2025

# Human Resources | Summary

## Labor

- ✓ Renewed focus on rebuilding relationships with CHEU & CNA
- ✓ Achieved a 74% reduction in grievances, reflecting a healthier work environment
- ✓ Enhanced dispute resolution strategies
- ✓ Established more effective communication between staff and management

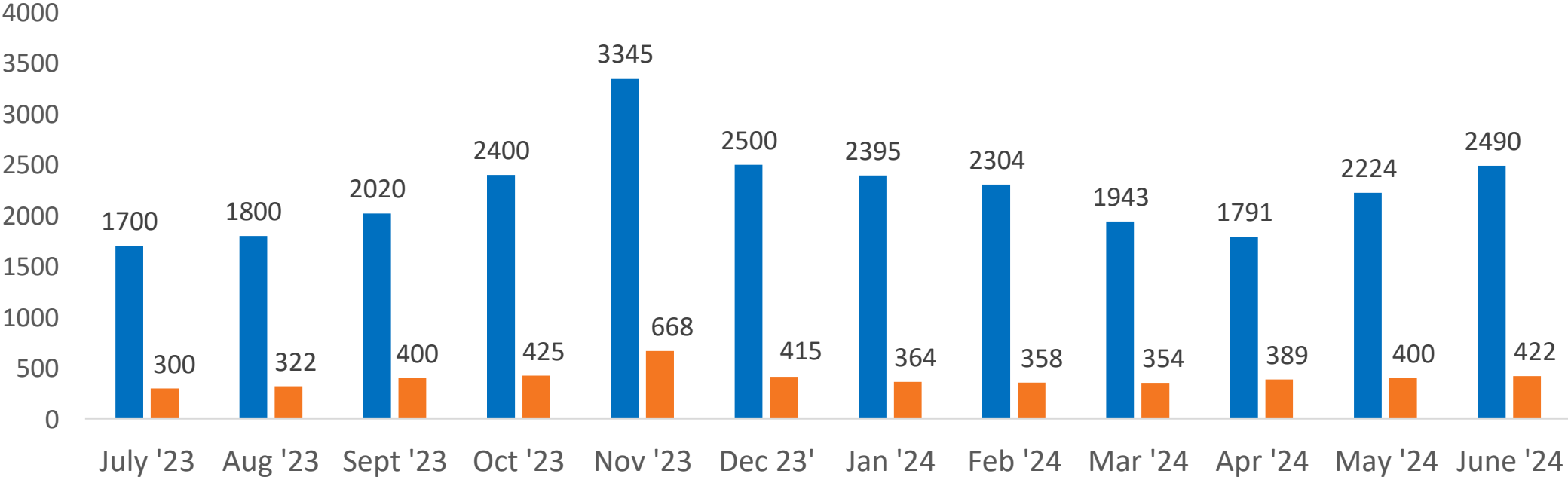
## Benefits

- ✓ Successfully and rapidly implemented **Sharp** benefits
- ✓ Streamlined LOA and accommodation processes for greater efficiency
- ✓ Created an audit and reconciliation process to optimize costs
- ✓ Enhanced customer service
- ✓ Aligned processes and policies to identify gaps and achieve cost savings

## HR Operations

- ✓ Optimized HR administrative processes and procedures to achieve faster turnaround times.
- ✓ Redesigned the onboarding process for faster turnaround
- ✓ Reduced the number of travelers.
- ✓ Decreased the number of open positions.
- ✓ Established regular one-on-one meetings with leaders to identify and resolve issues promptly.

# By the Numbers / FY24 Call & Email Volume



■ Emails ■ Calls

Total Emails: 26,912    Total Calls: 4,817

*(7% increase during open enrollment months)*

# Human Resources / Talent

Current Headcount  
**3670**

Open Positions  
**201**

Open RN Positions  
**99**

Open Tech  
**60**

RN Travelers  
**33**

Tech Travelers  
**22**

**55 Total Travelers**

*Highest in 2023 = 350  
30+ million in savings!*

New Hires/90 Days  
**205**

Average Days to Fill  
**48.5**  
*(down from 90+ days)*

*RIFs 2024*  
**80+**

Early Retirement  
**56 total**

## By the Numbers | Turnover

### PH Staff Turnover Decreased by **8%**

- Turnover decreased from 29% in FY23 to 21% in FY24 for all staff.

*(2023 Average National Hospital Turnover: 20.7%)*

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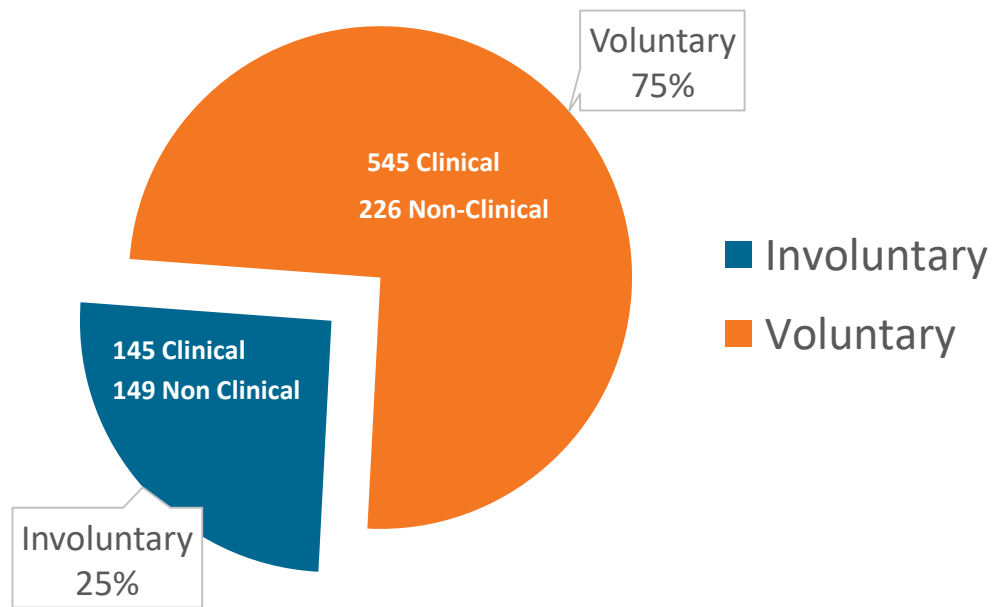
### RN Staff Turnover Decreased by **12%**

- Turnover decreased from 29% in FY23 to 17% in FY24 for RN staff.

*(2023 Average National RN Turnover: 18.4%)*

# By the Numbers | Turnover

## Involuntary vs Voluntary Terminations



## Top Causes for Turnover

### Clinical Staff

Voluntary	Involuntary
Other Job 12.7%	Layoff 63.5%
Better Pay 16.5%	Failed Intro Period 11.7%
Moved out of Area 10.6%	Did not Meet Per Diem Requirement 11%
Other Reasons 60.2%	Other Reasons 11.8%

### Non-Clinical Staff

Voluntary	Involuntary
Other Job 10.62%	Layoff 77%
Better Pay 10.62%	Failed Intro Period 6%
No Reason Given 9.7%	Unsatisfactory Performance 6.7%
Other Reasons 69.1%	Other Reasons 10.3%



# Hiring Bonus

Department	Position	Amount
Various	Registered Nurse*	\$20K-45K
Surgery	Surgical Tech*	\$20K
Labor/Delivery/Recovery	Surgical Tech LDR*	\$20K
Interventional Radiology	Radiology Tech – IR*	\$20K
Cardiac Cath Lab	Radiology Tech – IR*	\$20K
Radiation Oncology	Radiation Therapist	\$20K
Radiology-Diagnostic	Radiology Tech	\$15K
Laboratory	Medical Laboratory Tech	\$15K
Nuclear Medicine	Nuclear Med Technologist	\$15K
CAT Scanner	CT Tech	\$15K
Clinical Resource Management	Social Worker/Behavior Health Clinician	\$10K
The Villas	CNA-SNF	\$10K
Central Services	SPD Tech	\$2,500

# By the Numbers | Benefits

**Sharp** is back! As of January 1<sup>st</sup>, all Union and Non-union EEs moved to Sharp Health Plan. Will produce **1.5M** in savings for FY25.

**3,025**

Eligible Employees

*Of those eligible 86% of EE's are enrolled in benefits.*

**90%**

NH Electing Coverage

*Seeing an increase in New Hires electing coverage.*

All benefited employees are eligible to enroll in benefits the **1<sup>st</sup> of the month after** their hire date.





# *By the Numbers* | Labor Relations

New Contract thru **May 31, 2028**

Fastest negotiation in PH history!

**33** Article changes

**24%+** wage increase

RFI's (formal) = **24**

RFI's (informal) = **1199**

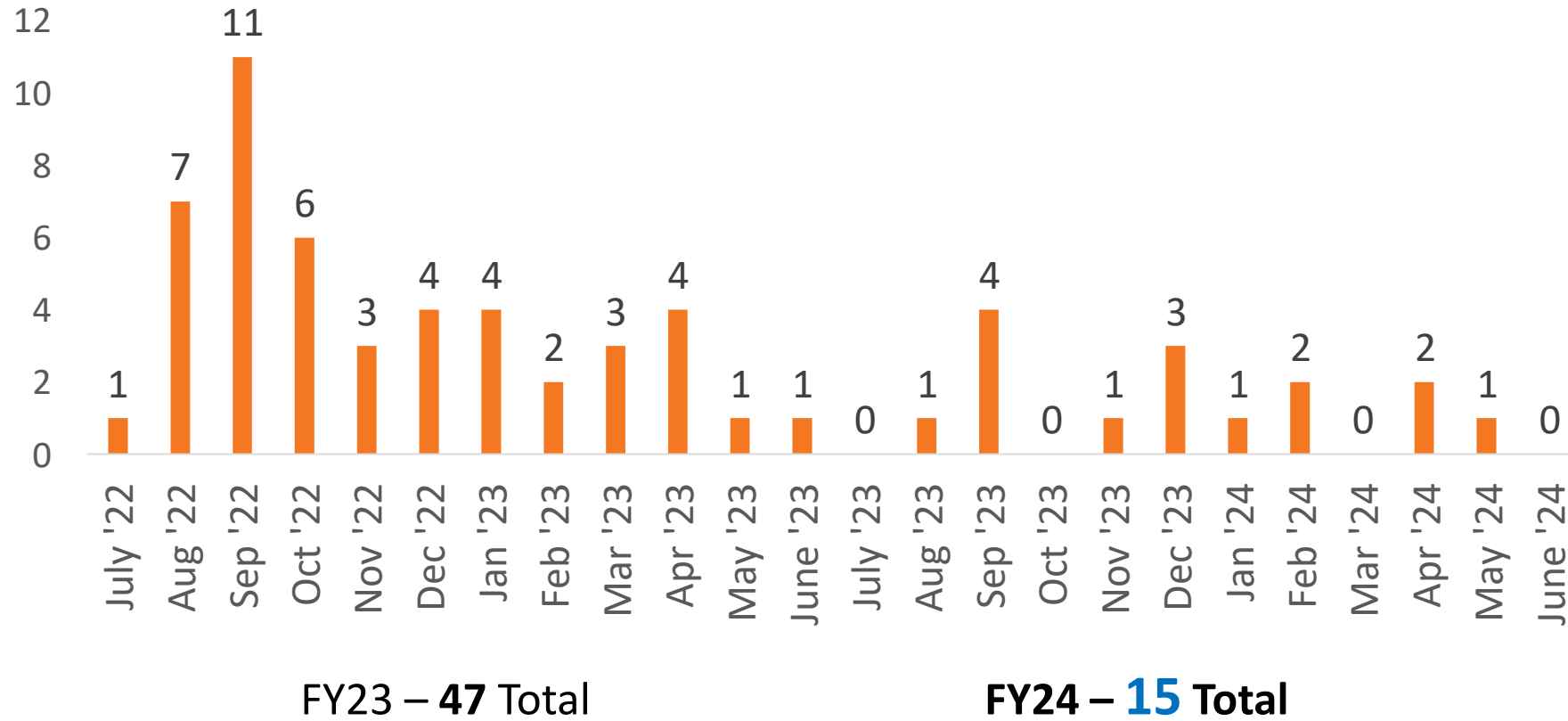
Grievances 2024 = **16**

Grievances closed = **17**

Grievances averted = **12**

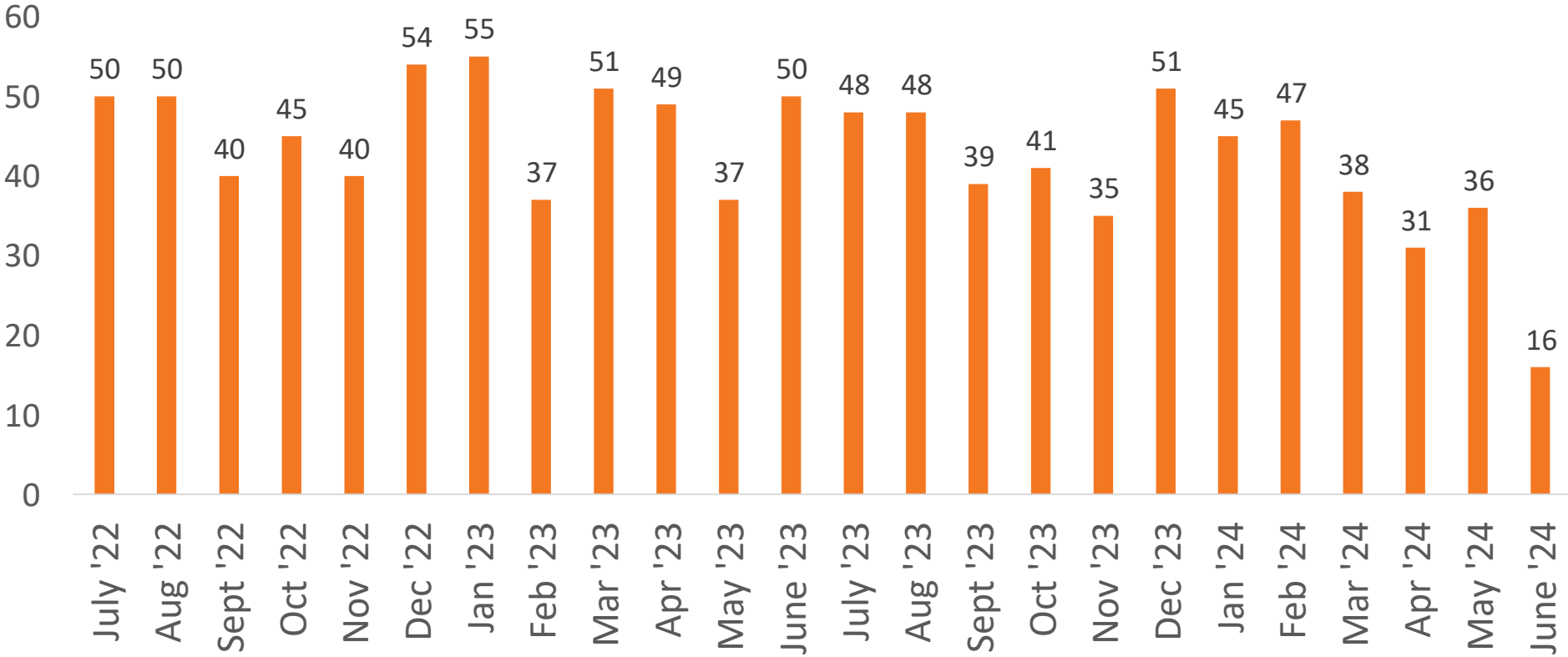
Achieved a **74%** reduction in grievances

# By the Numbers | Labor Grievances FY23-FY24



74% decrease from FY23 to FY24

# By the Numbers | Employee Relations Incidents FY23-FY24



FY23 – **558** Total Incidents      FY24 – **475** Total Incidents

**15% decrease from FY23 to FY24**

## *Human Resources / 2025 Initiatives*

- Improved Leave of Absence process with new vendor
- HR vendor RFPs and contract improvement
- Reimaged Recognition
- Policy & Procedure Streamline
- Intranet Resource Page Improvement
- Workday

# PHMG Update



**PALOMAR  
HEALTH**  
MEDICAL GROUP®

Reimagining Healthcare™

# *WHY WE NEEDED A CHANGE*

**Operations were not financially sustainable**

Revenues per volume are too low

**Medical Group priorities were too diverse**

Collaborate to create focus

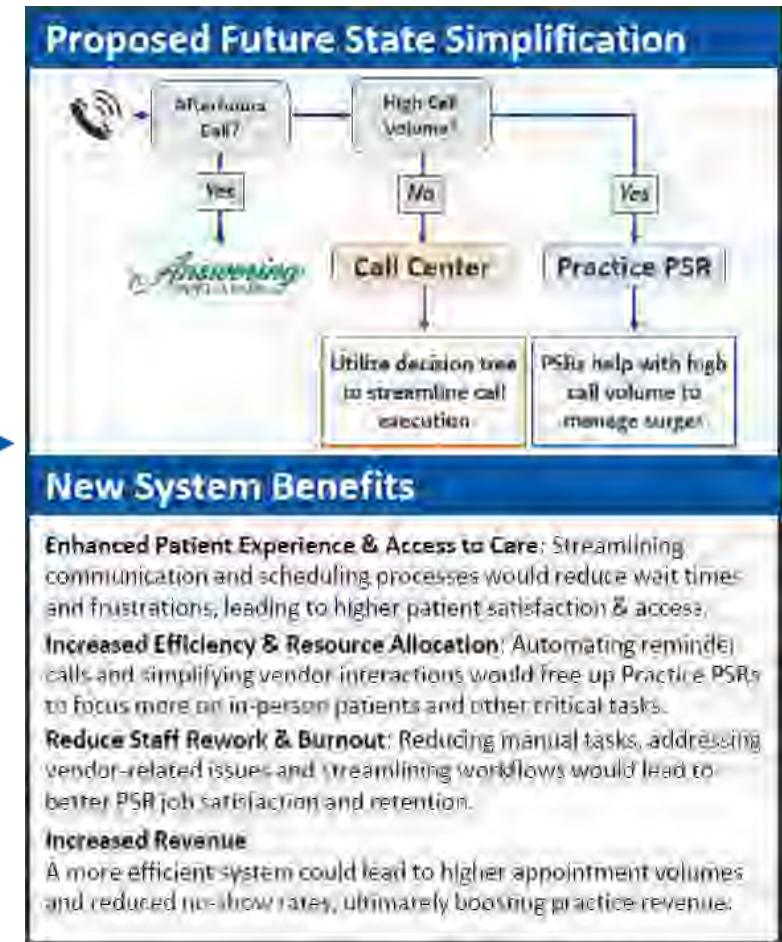
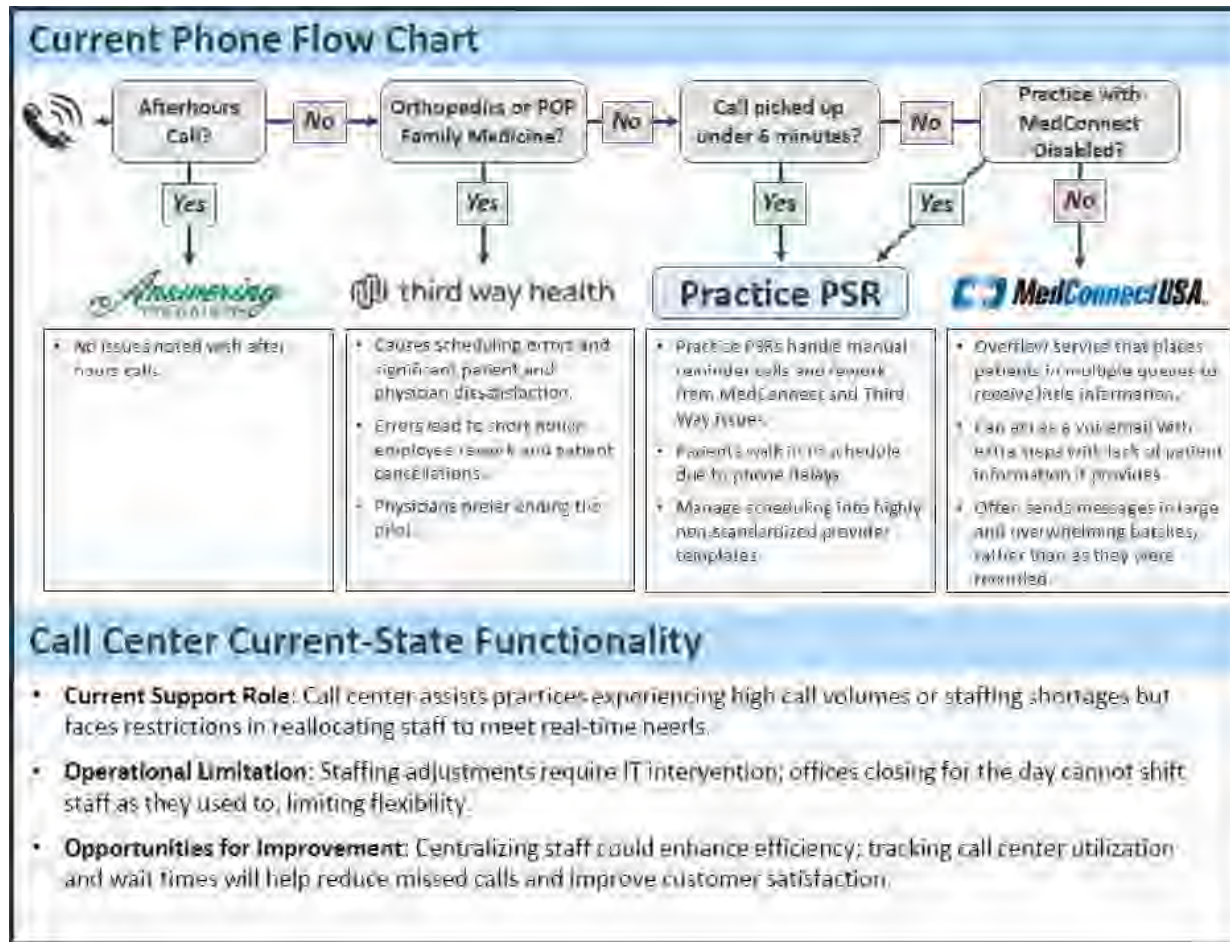
**Staff, Providers & Patients need improved experience**

We all influence, and are influenced by our culture

# *Kaufman Hall Operational Assessment*

- 1. Invest in Appointment Reminder System or Utilize Current Vendors**
- 2. Shift All PHMG Call Volume To Centralized Call Center**
- 3. Standardize PHMG Provider Templates at the Specialty Level**
- 4. Develop Continued Cadence/Partnership with Practice Managers**

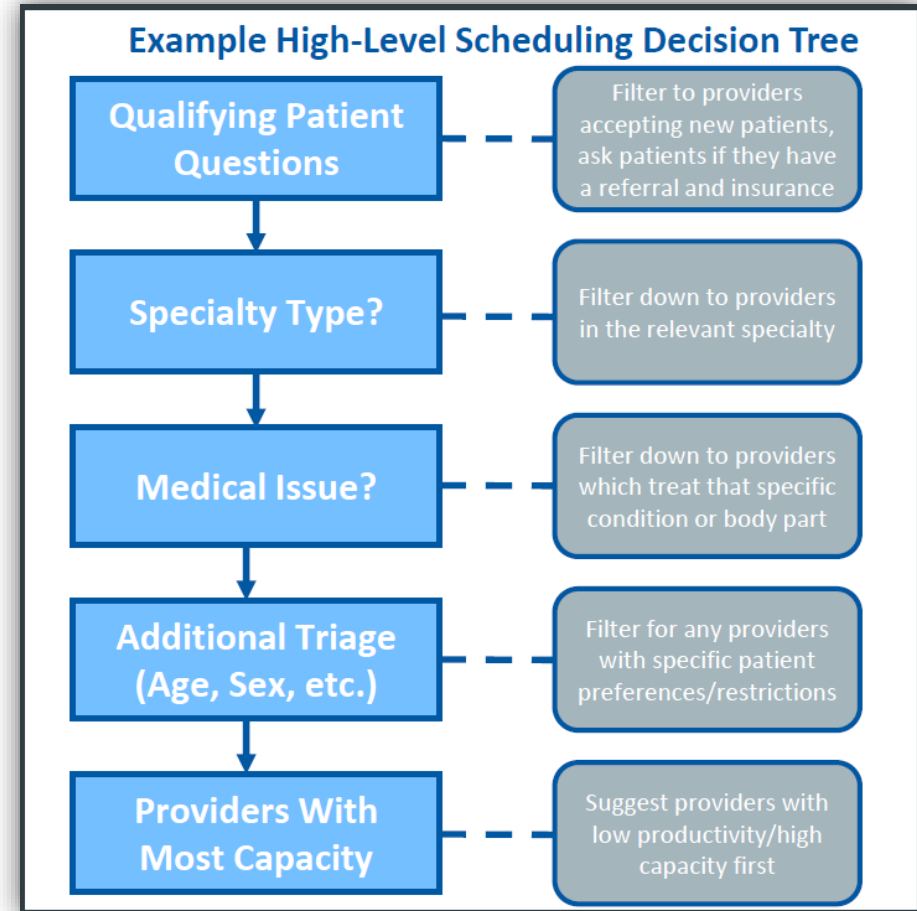
# Shift to Centralized Call Center





# Standardized Scheduling Template by Specialty

PALOMAR HEALTH		Palomar Medical Group Scheduling Template - Shell			
		Monday	Tuesday	Wednesday	Thursday
		Location	Location	Location	Location
7:00 AM	0-15	Out of Office	Out of Office	Out of Office	Out of Office
	15-30	Out of Office	Out of Office	Out of Office	Out of Office
	30-45	Out of Office	Out of Office	Out of Office	Out of Office
	45-60	Out of Office	Out of Office	Out of Office	Out of Office
8:00 AM	0-15	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
	15-30	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
	30-45	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
	45-60	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
8:30 AM	0-15	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
	15-30	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
	30-45	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
	45-60	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
10:00 AM	0-15	New Patient Hold	New Patient Hold	New Patient Hold	New Patient Hold
	15-30	New Patient Hold	New Patient Hold	New Patient Hold	New Patient Hold
	30-45	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
	45-60	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
11:00 AM	0-15	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
	15-30	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
	30-45	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
	45-60	Same Day Block	Same Day Block	Same Day Block	Same Day Block
12:00 PM	0-15	Lunch	Lunch	Lunch	Lunch
	15-30	Lunch	Lunch	Lunch	Lunch
	30-45	Admin Time	Admin Time	Admin Time	Admin Time
	45-60	Admin Time	Admin Time	Admin Time	Admin Time
1:00 PM	0-15	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
	15-30	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
	30-45	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
	45-60	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
2:00 PM	0-15	Priority Hold	Priority Hold	Priority Hold	Priority Hold
	15-30	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
	30-45	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
	45-60	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
3:00 PM	0-15	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
	15-30	Patient Facing Time	Patient Facing Time	Patient Facing Time	Patient Facing Time
	30-45	Same Day Block	Same Day Block	Same Day Block	Same Day Block
	45-60	Same Day Block	Same Day Block	Same Day Block	Same Day Block
4:00 PM	0-15	Out of Office	Out of Office	Out of Office	Out of Office
	15-30	Out of Office	Out of Office	Out of Office	Out of Office
	30-45	Out of Office	Out of Office	Out of Office	Out of Office
	45-60	Out of Office	Out of Office	Out of Office	Out of Office



# Revenue Analysis

**PHMG Net Revenue per WRVU Benchmarking**  
Net Revenue per wRVU (MGA) in base MGA model

PHMG	wRVU(1)	Net Revenue	Net Revenue / wRVU	MGMA Rank
	1,507,415	\$80,062,458	\$53.18	29 <sup>th</sup> Title

Benchmark	25 <sup>th</sup> Title	Median	75 <sup>th</sup> Title
	\$51.08	\$70.88	\$97.83

**Observations**

- PHMG is at the 29<sup>th</sup> MGMA rank for Net Revenue per wRVU
- Factors could include:
  - Billing (coding, productivity, specialty mix)
  - Payment (contract, payer mix, net collections)





(1) March 2024 FYTD PHMG Income Statement

(2) 2024 MGMA Cost and Revenue Report, based on 2023 Data; Multispecialty with Primary and Specialty Care; Hospital/IDS-Owned; Total Medical Revenue per wRVU




# PHMG | IKS Improvement Partnership Scope







# Pre-Visit Solutions

Our solutions	Our differentiation	Our Value
 <b>Optimized Scheduling</b>	Proprietary algorithm to predict no-shows and differential interventions to reduce no-show & cancellations	Reduce cancellations & no-shows by 25-30%
 <b>Patient Financial Clearance</b>	Predictive, fully-autonomous patient financial clearance for Ins. verification, prior auth & patient liability estimation	Reduce Prior Auth & Eligibility denials by 40%
 <b>Patient Engagement Hub</b>	Behavioral science-based tools for engaging patients with a propensity & channel-to-engage prediction	Improve first-touch & digital-touch response rate by 15%
 <b>Prospective Clinical Chart Reviews</b>	Trained diagnosticians conducting a differential diagnosis on longitudinal patient record	Improve proactive risk capture by 8-10%





# During Visit Solutions

Our solutions	Our differentiation	Our Value
 <b>IKS Scribble</b>	Generative-AI led, with clinical HITL documentation solution to deliver the most comprehensive & accurate visit documentation	Improve access by 4-5%, risk capture by 3-5% and panel by 2-3%
 <b>Referral Order Management</b>	EHR-integrated, referral selection and management tool that matches patients to lowest-cost, highest-quality clinician	Improve keepage by 15-20% and reduce high-cost referrals by 8-10%
 <b>Tech-led Coding</b>	Technology-led coding solution for fee-for-service coding trained to deliver high accuracy and revenue integrity	Improve coding accuracy to 99% and reduce coding denials by 10-15%

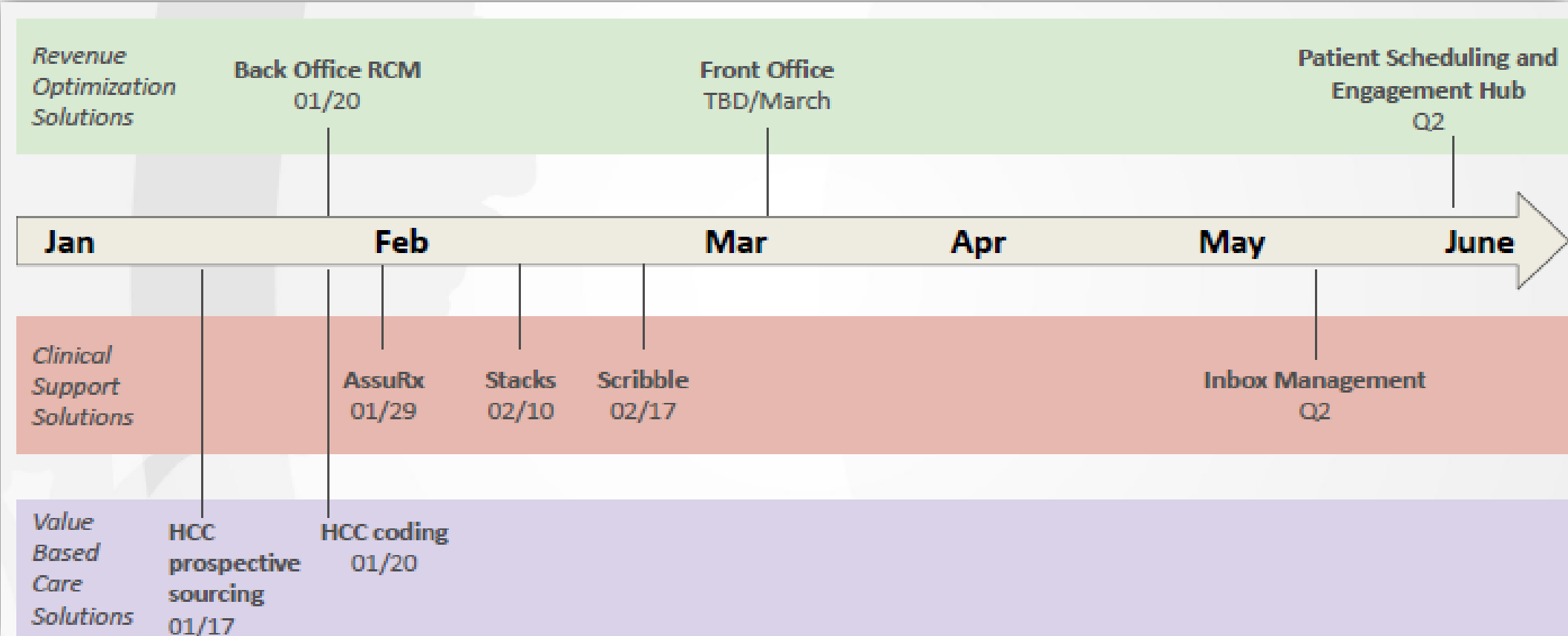
# Post-Visit Solutions

Our solutions	Our differentiation	Our Value
 <b>Optimized Scheduling</b>	Proprietary algorithm to predict no-shows and differential interventions to reduce no-show & cancellations	Reduce cancellations & no-shows by 25-30%
 <b>Patient Financial Clearance</b>	Predictive, fully-autonomous patient financial clearance for Ins. verification, prior auth & patient liability estimation	Reduce Prior Auth & Eligibility denials by 40%
 <b>Patient Engagement Hub</b>	Behavioral science-based tools for engaging patients with a propensity & channel-to-engage prediction	Improve first-touch & digital-touch response rate by 15%
 <b>Prospective Clinical Chart Reviews</b>	Trained diagnosticians conducting a differential diagnosis on longitudinal patient record	Improve proactive risk capture by 8-10%

# Between Visit Solutions

Our solutions	Our differentiation	Our Value
 <b>IKS AssuRx</b>	Proprietary engine co-developed with Mass. General Physicians Organization with protocols covering over 95% of non-controlled substances	Reduce time spent on renewals by 70% and ensure 100% turn-around in 24 hours
 <b>IKS Stacks</b>	OCR, NLP and AI-driven engine to index, sort, file and abstract clinical data with validation from incoming documents	Reduce MA / PSR staffing by 15% and improve quality metrics capture by 10%
 <b>Inbox Management</b>	Comprehensive solution with the ability to acknowledge, prioritize, synthesize and process inbox messages (including test results & consult notes)	Reduce clinician & clinic time spent on inbox by 70%; improve access by 5%
 <b>Care Management &amp; Utilization Management</b>	Evidence-based and targeted care programs with proprietary disease-based clinical risk stratification models	Reduce total cost of care for high prevalence conditions by 8-10%

# Tool Implementation Timeline





# WHAT TO DO – Focus for FY2025

## 1. **Prioritize** Patient Experience

- Drive primary care growth, and downstream referrals will follow

## 2. **Prioritize** Practice Management Analytics

- Contact access | Time to first available | Closed loop scheduling and referrals

## 3. **Prioritize** Employee and Provider engagement/culture development

## 4. **Prioritize** Medical Group Core Business

- Drive primary care growth, and downstream referrals will follow
- Use technology to optimize workflows

*Thank you!*

*Any Questions?*

*Fiscal Year 2025  
October 2024  
Financial Performance*

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

*October 2024*

- Executive Summary
- Management Discussion and Analysis
- Executive Dashboard
- Income Statement
- Statement of Net Position
- Supplemental Information

A challenging start to the fiscal year for Palomar Health, YTD:

- Net Revenue is 5.5%, or \$16.2m behind budget; however, net Revenue is 3.8% better than prior year
- Expenses are 0.4% ahead of budget, but are 6.4% over prior year

#### Unfavorable Developments

- We are behind budget with much of the variance in revenue
- Expense growth year-over-year has out-paced current revenue trends and will be a focal point of our turnaround plan
- We are experiencing higher consulting costs as a results of our turn around efforts
- Volumes
  - Total Emergency Department volumes are well behind budget at -1.6% but better than prior year at 0.5%; which has a disproportionate impact on net revenue
  - The Villas are also behind budget at -19.0% and prior year at -17.5%
- Turnaround efforts have been slower to begin than was originally anticipated
- We did execute a reduction in force and early-retirement program that will yield full results starting in Jan-2025
- There will be a delay of HQAF. We would normally IGT in December but not we won't send payments until Apr-2025 and can then expect funding in May-2025

#### Favorable Developments

- YTD utilization to budget across discharges and patients days have been better than budget at 1.0% and 0.3% respectively
- Oct-2024 loss from operations mirrored Jul-2024 and was an improvement on the prior two month trend
- EBIDA margin is positive at 4.6% YTD
- Palomar has made all required debt payments in late 2024
- Liquidity has been bolstered by supplemental funding that has alleviated cash flow concerns in early 2025
- Palomar is working with vendors on payment plans to alleviate vendor payment concerns
- Management has executed new payer agreements with United and Kaiser
- The District Hospital Directed Payment enhancement program begins in January 2025 and will significantly improve revenue, near-term, and cash, long-term
- Management anticipates our turnaround plan to begin to see significant improvements in 3<sup>rd</sup> quarter of this fiscal year

### Update on Financial Reporting

- The Cyber Security incident in May-2024, which hampered our PHMG corporation, did impact our ability to report consolidated results and placed significant strain on our revenue cycle, information technology and accounting teams
- This update includes consolidated results through Oct-2024 with a goal of completing second quarter consolidated results by the filing deadline in Feb-2025
- Thereafter, financial reporting will be back to our normal reporting cadence

### Revenue Cycle

- Have improved days in A/R to 70.4 down from 91.0 in Jun-2024
- Cash collection activity through Oct-2024 has remained strong with Net Revenue Yield at 102% YTD
- Avoidable denials have regressed to 11.7% and plans are in place to address this by year end

### Forbearance Update

- We have an agreed upon Forbearance Agreement with Assured Guarantee and Sharp Healthcare
- Both agreements are in the process of being executed

### Turnaround Plan

- Palomar has engaged Guidehouse, Huron, and Kaufman Hall to lead various performance improvement work streams including identifying revenue generation and expense reduction opportunities
- Guidehouse completed an assessment for Palomar in Feb-2024 and we engaged them as our turnaround officer in mid Aug-2024
- They are augmenting our teams in identifying a pipeline of opportunities that are designed to get the organization back to break-even
- The plan is in various stages of execution; at a future Board meeting Guidehouse will report out on activity

### Future Report Outs and Report Format

- Audit to be released imminently, forbearance execution was a stipulation for release of the audit
- 1<sup>st</sup> Quarter reporting will be released Jan 20<sup>th</sup>
- 2<sup>nd</sup> Quarter reporting will be released as required by Feb 15<sup>th</sup>
- Will review the current format of reports, in conjunction with the Finance Committee Chair and Guidehouse to ensure the correct level of information is being distributed to the District Board
- Will need to update our 5-year Financial Plan in coordination with our turnaround plan

Net loss from operations for the month of October was \$3.3 million, unfavorable to budget by \$2.8 million. The year-to-date loss from operations was \$22.6 million with a \$17.4 million unfavorable variance.

Net loss after non operating items for the month was \$6.75 million, unfavorable to budget by \$4.6 million. Net loss year-to-date was \$31.5 million and unfavorable variance of \$21.0 million.

EBIDA margin for the month of October was unfavorable to budget by 4.1% and year-to-date EBIDA margin was unfavorable to budget by 5.5%. Additional comments and further analyses are presented in the following sections.

## **Patient Utilization**

### Inpatient (IP) Services

For October year-to-date, Acute Discharges for the District were 12.3% favorable to budget, and increased 7% year-over-year. Acute Average Daily Census was 8.1% favorable to budget, and increased 4% year-over-year. Total Average Daily Census was 0.3% favorable to budget, and is impacted by The Villas at Poway's patient days (19.0%) unfavorable to budget. Acute Adjusted Discharges were 8% favorable to budget, and increased 1% year-over-year. Acute Adjusted Patient Days were 4.1% favorable to budget, and decreased (2%) year-over-year.

IP surgeries for PMC Escondido and PMC Poway were 2,062 cases (5% favorable to budget and a 4% increase year-over-year). Emergent cases increased year-over-year due to a 16% increase to inpatient ER admissions.

Deliveries for PMC Escondido were 1,216, which was (0.9%) unfavorable to budget and (6%) decrease year-over-year, due to Kaiser's transition.

Trauma inpatient admissions were 633, which was 19.3% favorable to budget and 16% year-over-year.

### Outpatient (OP) and Ancillary Services

OP surgeries for PMC Escondido and PMC Poway were 1,736 cases, which was (5.5%) unfavorable to budget and a (11.6%) decrease year-over-year. Outpatient ER visits were 35,312 (includes trauma), which was (4.7%) unfavorable to budget and a (1.9%) decrease year-over-year. OP registrations were (13.2%) unfavorable to budget and (17%) decrease year-over-year. ER inpatient admissions were 19.2% favorable to budget and increased 16.3% year-over-year.

**Financial Performance**Operating Revenue

Net Patient Revenue for the month was \$71.8 million, which was \$1.7 million (2.3%) unfavorable to budget.

Other Operating Revenue

Other Operating Revenue for the month was \$1.1 million, which was \$249 thousand (23.1%) unfavorable to budget.

Operating Expenses

Total Operating Expenses for the month were \$76.2 million, which was \$856 thousand (1.1%) unfavorable to budget.

Salaries, Wages & Contract Labor for the month were \$29.0 million, which was \$1.8 million (6.1%) favorable to budget.

Benefits for the month were \$7.6 million, which was \$2.6 million (34.2%) favorable to budget.

Supplies for the month were \$10.5 million, which was \$276 thousand (2.6%) unfavorable to budget.

Professional Fees and Purchased Services for the month were \$17.1 million, which was \$3.1 million (36.9%) unfavorable to budget.

Depreciation & Amortization for the month was \$5.4 million, which was \$374 thousand (6.9%) unfavorable to budget.

Other Direct Expenses for the month were \$4.4 million, which was \$956 thousand (21.7%) unfavorable to budget.



Net Non-Operating Income/Expense

Net Non-Operating Income for the month was \$3.1 million, which was \$1.8 million unfavorable to budget due to year-end investments, county redevelopment distribution and lease agreements.

**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 \$67.7 million. Days in Net A/R are 70.3, a decrease of 1.6 days from the prior month.

**Revenue Cycle – Key Performance Indicators (KPIs)**

Key Performance Indicators (KPI)	July 2024	August 2024	September 2024	October 2024	Target
Total Net A/R (\$) <sup>1</sup>	\$ 147,921,747	\$ 154,630,866	\$ 155,574,643	\$ 153,804,994	
Net Days in A/R (Days) <sup>2</sup>	81.2	79.3	71.9	70.3	55.0
% AR > 90 Days	41.8%	38.5%	41.4%	44.3%	22.5%
% of Avoidable Denial Write-Offs	8.8%	9.2%	10.3%	11.7%	2.1%
Net Revenue Yield	108.2%	104.4%	95.2%	96.2%	98.0%

**Balance Sheet**

Cash, Cash Equivalents and Investments decreased in October by \$7.4 million primarily due delays in collection.

<sup>1</sup> Total Net A/R: This is the total amount of accounts receivable which management expects to collect from patients, insurance companies, Medicare, 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 debt and charity write-offs from gross accounts receivable.

<sup>2</sup> 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.

	Month				Year to Date			
	Actual Oct-24	Budget Oct-24	Variance	Prior Year Oct-23	Actual Oct-24	Budget Oct-24	Variance	Prior Year Oct-23
<b>Key Volumes</b>								
<b>Discharges - Total</b>	<b>2,056</b>	<b>1,859</b>	<b>10.6%</b>	<b>2,032</b>	<b>8,407</b>	<b>7,575</b>	<b>11.0%</b>	<b>7,932</b>
Acute - General	2,018	1,803	11.9%	1,928	8,262	7,359	12.3%	7,552
Acute - Behavioral Health	-	-	0.0%	63	-	-	0.0%	176
Total Acute Discharges	2,018	1,803	11.9%	1,991	8,262	7,359	12.3%	7,728
The Villas at Poway	38	56	(32.1%)	41	145	216	(32.9%)	204
<b>Patient Days - Total</b>	<b>11,278</b>	<b>11,370</b>	<b>(0.8%)</b>	<b>11,814</b>	<b>46,127</b>	<b>45,989</b>	<b>0.3%</b>	<b>47,195</b>
Acute - General	8,561	7,991	7.1%	8,302	35,420	32,768	8.1%	32,849
Acute - Behavioral Health	-	-	0.0%	345	-	-	0.0%	1,369
Total Acute Patient Days	8,561	7,991	7.1%	8,647	35,420	32,768	8.1%	34,218
The Villas at Poway	2,717	3,379	(19.6%)	3,167	10,707	13,221	(19.0%)	12,977
Acute Adjusted Discharges	3,379	3,025	11.7%	3,353	13,335	12,346	8.0%	13,180
Total Adjusted Discharges*	3,424	3,081	11.1%	3,389	13,504	12,562	7.5%	13,394
Acute Adjusted Patient Days	14,335	13,392	7.0%	14,562	57,153	54,918	4.1%	58,368
Total Adjusted Patient Days*	17,052	16,771	1.7%	17,729	67,860	68,139	(0.4%)	71,345
Acute Average Daily Census	276	258	7.1%	279	288	266	8.1%	278
Total Average Daily Census*	364	367	(0.8%)	381	375	374	0.3%	384
<b>Surgeries - Total</b>	<b>994</b>	<b>1,014</b>	<b>(2.0%)</b>	<b>1,006</b>	<b>3,798</b>	<b>3,801</b>	<b>(0.1%)</b>	<b>3,947</b>
Inpatient	508	535	(5.1%)	513	2,062	1,964	5.0%	1,982
Outpatient	486	479	1.5%	493	1,736	1,838	(5.5%)	1,965
Deliveries	306	317	(3.5%)	305	1,216	1,227	(0.9%)	1,292
<b>ER Visits (Includes Trauma) - Total</b>								
Inpatient	1,668	1,346	23.9%	1,448	6,576	5,518	19.2%	5,662
Outpatient	8,808	9,195	(4.2%)	8,682	35,312	37,062	(4.7%)	36,007

	Month				Year to Date			
	Actual Oct-24	Budget Oct-24	Variance	Prior Year Oct-23	Actual Oct-24	Budget Oct-24	Variance	Prior Year Oct-23
Cardiac Cath RVUs	989	1,399	(29.3%)	1,259	4,325	5,220	(17.2%)	5,049
Escondido Interv. Radiology RVUs	989	1,016	(2.7%)	867	3,896	3,693	5.5%	3,439
Poway Interv. Radiology RVUs	335	262	27.7%	272	1,055	1,056	(0.1%)	1,096
Radiation Oncology RVUs	3,207	5,245	(38.9%)	3,243	12,565	18,757	(33.0%)	11,994
Infusion Therapy Hours	1,076	883	21.8%	765	3,917	3,505	11.8%	2,873
<b>Imaging</b>								
Escondido CAT Procedures	9,104	8,132	12.0%	7,936	35,484	30,392	16.8%	32,000
Poway CAT Procedures	2,453	2,626	(6.6%)	2,412	9,982	9,895	0.9%	9,090
Escondido MRI Procedures	486	382	27.2%	359	1,826	1,473	24.0%	1,452
Poway MRI Procedures	129	151	(14.8%)	165	544	518	5.0%	572
Escondido Diagnostic Rad. Procedures	6,759	7,172	(5.8%)	6,752	27,998	26,864	4.2%	27,610
Poway Diagnostic Rad. Procedures	2,164	2,246	(3.7%)	2,115	8,649	8,950	(3.4%)	8,419

\*Includes The Villas at Poway

	Month				Year to Date			
	Actual Oct-24	Budget Oct-24	Variance	Prior Year Oct-23	Actual Oct-24	Budget Oct-24	Variance	Prior Year Oct-23
<b>Key Statistics</b>								
Acute Average LOS - Days	4.24	4.43	4.3%	4.34	4.29	4.45	3.7%	4.43
Acute - General	4.24	4.43	4.3%	4.31	4.29	4.45	3.7%	4.35
Acute Behavioral Health	0.00	0.00	0.0%	5.48	0.00	0.00	0.0%	7.78
Average Observation Hours	26	28	7.1%	28	28	35	20.0%	35
Acute Case Mix - Excludes Deliveries	1.69	1.72	1.7%	1.72	1.74	1.75	0.6%	1.75
Acute Case Mix -Medicare Only	1.74	1.75	0.6%	1.75	1.73	1.71	(1.2%)	1.71
Labor Productivity by Hrs					103%	100%	(3.0%)	Not Avail.
Days Cash on Hand					15			40
<b>Financial Performance</b>								
Operating Income	(3,327,754)	(552,966)	(2,774,788)	(2,822,765)	(22,629,205)	5,243,301	(27,872,506)	(14,702,098)
Net Income	(6,474,885)	(1,845,687)	(4,629,199)	(6,046,428)	(31,481,360)	(10,456,725)	(21,024,635)	(23,252,634)
Oper. Expenses/Adj. Patient Days	4,148	4,188	(1.0%)	3,624	4,083	4,049	0.8%	3,658
EBIDA Margin-Excludes PHMG	6.7%	10.8%	(37.8%)	7.2%	4.6%	10.0%	(5.5%)	6.2%
EBIDA-Excludes PHMG	4,893,032	8,073,343	(3,180,311)	4,816,538	12,528,733	29,219,405	(16,690,671)	17,368,179

Note: Financial Performance excludes GO Bonds

	Actual	Budget	Variance	Variance		Dollars/Adjusted Patient Day		
	Oct-24	Oct-24	Oct-24	Volume	Rate/Eff	Actual	Budget	Variance
<b>Adjusted Patient Days</b>	17,052	16,771	281					
<b>Adjusted Discharges</b>	3,424	3,081	343					
<b>Operating Revenue</b>								
Gross revenue	474,558,980	463,227,979	11,331,001	7,761,437	3,569,563.41	27,830.11	27,620.77	209
Deductions from revenue	(402,798,738)	(389,797,863)	(13,000,875)	(6,531,107)	(6,469,768)	(23,621.79)	(23,242.37)	(379)
Net patient revenue	71,760,241	73,430,116	(1,669,875)	1,230,330	(2,900,204)	4,208	4,378	(170)
Other operating revenue	1,079,195	1,328,165	(248,970)	22,253.55	(271,223.55)	63.29	79.19	(16)
Total net revenue	72,839,436	74,758,281	(1,918,845)	1,252,583	(3,171,428)	4,272	4,458	(186)
<b>Operating Expenses</b>								
Salaries, wages & contract labor	31,126,296	32,342,501	1,216,205	(541,902)	1,758,108	1,825	1,928	103
Benefits	7,595,482	10,196,641	2,601,159	(170,846)	2,772,005	445	608	163
Supplies	10,460,309	10,184,110	(276,199)	(170,636)	(105,563)	613	607	(6)
Prof fees & purch svcs	17,142,092	14,074,757	(3,067,335)	(235,824)	(2,831,511)	1,005	839	(166)
Depreciation	5,439,793	5,065,977	(373,816)	(84,881)	(288,935)	319	302	(17)
Other	4,403,218	3,447,260	(955,958)	(57,759)	(898,199)	258	206	(53)
Total expenses	76,167,190	75,311,246	(855,944)	(1,261,848)	405,904	4,467	4,491	24
Income from operations	(3,327,754)	(552,965)	(2,774,788)	(9,265)	(2,765,524)	(195)	(33)	(162)
<b>Non-operating revenue(expense)</b>								
Property tax revenues <sup>1</sup>	2,125,000	2,125,000	-					
Investment income	1,237,202	1,177,279	59,923					
Revenue bond interest expense	(4,449,375)	(4,130,682)	(318,693)					
Non-operating depreciation	(1,478,750)	(722,370)	(756,380)					
Other non-operating revenue(expense)	(581,207)	258,052	(839,259)					
Net Income <sup>2</sup>	(6,474,885)	(1,845,686)	(4,629,197)					
EBIDA Margin	6.7%	10.8%	(4.1%)					

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

2= Excludes G.O. Bonds income / expense

	Actual	Budget	Variance	Variance		Dollars/Adjusted Patient Day		
	Oct-24	Oct-24	Oct-24	Volume	Rate/Eff	Actual	Budget	Variance
<b>Adjusted Patient Days</b>	67,860	68,139	(279)					
<b>Adjusted Discharges</b>	13,504	12,562	942					
<b>Operating Revenue</b>								
Gross revenue	1,908,641,952	1,838,004,877	70,637,075	(7,525,842)	78,162,917	28,126	26,974	1,152
Deductions from revenue	(1,637,801,807)	(1,552,409,248)	(85,392,559)	6,356,450	(91,749,010)	(24,135)	(22,783)	(1,352)
Net patient revenue	270,840,145	285,595,629	(14,755,484)	(1,169,392)	(13,586,093)	3,991	4,191	(200)
Other operating revenue	3,950,462	5,341,662	(1,391,200)	(21,872)	(1,369,328)	58	78	(20)
Total net revenue	274,790,607	290,937,291	(16,146,684)	(1,191,264)	(14,955,421)	4,049	4,270	(220)
<b>Operating Expenses</b>								
Salaries, wages & contract labor	127,029,237	129,006,683	1,977,446	528,227	1,449,219	1,872	1,893	21
Benefits	33,358,592	35,511,727	2,153,135	145,405	2,007,730	492	521	30
Supplies	41,328,914	40,237,175	(1,091,739)	164,754	(1,256,493)	609	591	(19)
Prof fees & purch svcs	62,970,641	57,371,297	(5,599,344)	234,911	(5,834,255)	928	842	(86)
Depreciation	20,364,308	20,263,920	(100,388)	82,972	(183,360)	300	297	(3)
Other	12,368,120	13,789,790	1,421,670	56,463	1,365,207	182	202	20
Total expenses	297,419,812	296,180,592	(1,239,220)	1,212,733	(2,451,952)	4,383	4,347	(36)
Income from operations	(22,629,205)	(5,243,301)	(17,385,904)	21,469	(17,407,373)	(333)	(77)	(257)
<b>Non-operating revenue(expense)</b>								
Property tax revenues <sup>1</sup>	8,500,000	8,500,000	-					
Investment income	5,056,977	4,709,117	347,860					
Revenue bond interest expense	(17,732,406)	(16,522,728)	(1,209,678)					
Non-operating depreciation	(5,913,379)	(2,889,480)	(3,023,899)					
Other non-operating revenue(expense)	1,236,654	989,667	246,987					
Net Income <sup>2</sup>	(31,481,360)	(10,456,725)	(21,024,634)					
<b>EBIDA Margin</b>	4.6%	10.0%	(5.5%)					

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

2= Excludes G.O. Bonds income / expense

	Current Year			Prior Year		Variance		Dollars/Adjusted Patient Day		
	Oct-24	Oct-23	Change	Volume	Rate/Eff	Actual	Budget	Variance		
<b>Adjusted Patient Days</b>	67,860	165,783	(97,923)							
<b>Adjusted Discharges</b>	13,504	31,751	(18,247)							
<b>Operating Revenue</b>										
Gross revenue	1,908,641,952	1,755,711,978	152,929,974	(1,037,045,922)	1,189,975,895	28,126	10,590	17,536		
Deductions from revenue	(1,637,801,807)	(1,495,694,656)	(142,107,151)	883,461,560	(1,025,568,711)	(24,135)	(9,022)	(15,113)		
Net patient revenue	270,840,145	260,017,322	10,822,823	(153,584,362)	164,407,184	3,991	1,568	2,423		
Other operating revenue	3,950,462	4,726,996	(776,534)	(2,792,093)	2,015,560	58	29	30		
<b>Total net revenue</b>	<b>274,790,607</b>	<b>264,744,318</b>	<b>10,046,289</b>	<b>(156,376,455)</b>	<b>166,422,744</b>	<b>4,049</b>	<b>1,597</b>	<b>2,452</b>		
<b>Operating Expenses</b>										
Salaries, wages & contract labor	127,029,237	130,979,776	3,950,539	77,365,789	(73,415,250)	1,872	790	(1,082)		
Benefits	33,358,592	32,502,068	(856,524)	19,197,988	(20,054,512)	492	196	(296)		
Supplies	41,328,914	38,908,912	(2,420,002)	22,982,317	(25,402,318)	609	235	(374)		
Prof fees & purch svcs	62,970,641	47,763,126	(15,207,515)	28,212,233	(43,419,748)	928	288	(640)		
Depreciation	20,364,308	18,478,793	(1,885,515)	10,914,864	(12,800,379)	300	111	(189)		
Other	12,368,120	10,813,739	(1,554,381)	6,387,348	(7,941,729)	182	65	(117)		
<b>Total expenses</b>	<b>297,419,812</b>	<b>279,446,414</b>	<b>(17,973,398)</b>	<b>165,060,538</b>	<b>(183,033,936)</b>	<b>4,383</b>	<b>1,686</b>	<b>(2,697)</b>		
Income from operations	(22,629,205)	(14,702,096)	(7,927,109)	8,684,083	(16,611,192)	(333)	(89)	(245)		
<b>Non-operating revenue(expense)</b>										
Property tax revenues <sup>1</sup>	8,500,000	7,833,333	666,667							
Investment income	5,056,977	5,693,100	(636,123)							
Revenue bond interest expense	(17,732,406)	(16,743,858)	(988,548)							
Non-operating depreciation	(5,913,379)	(5,238,944)	(674,436)							
Other non-operating revenue(expense)	1,236,654	(94,168)	1,330,822							
<b>Net Income <sup>2</sup></b>	<b>(31,481,360)</b>	<b>(23,252,633)</b>	<b>(8,228,726)</b>							
<b>EBIDA Margin</b>	<b>4.6%</b>	<b>6.5%</b>	<b>(1.9%)</b>							

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

2= Excludes G.O. Bonds income / expense

	Fiscal Year				
	Jul-24	Aug-24	Sep-24	Oct-24	2025
<b>Adjusted Discharges</b>	3,374	3,358	3,348	3,424	13,504
<b>Operating Revenue</b>					
Gross revenue	485,400,622	481,303,719	467,378,630	474,558,980	1,908,641,952
Deductions from revenue	(415,757,901)	(415,886,085)	(403,359,082)	(402,798,738)	(1,637,801,807)
Net patient revenue	69,642,721	65,417,634	64,019,548	71,760,242	270,840,145
Other operating revenue	920,937	782,991	1,167,339	1,079,195	3,950,462
<b>Total net revenue</b>	<b>70,563,658</b>	<b>66,200,625</b>	<b>65,186,887</b>	<b>72,839,437</b>	<b>274,790,607</b>
<b>Operating Expenses</b>					
Salaries, wages & contract labor	32,166,595	32,697,011	31,039,334	31,126,296	127,029,237
Benefits	7,845,288	9,667,894	8,249,929	7,595,482	33,358,592
Supplies	9,937,683	10,435,128	10,495,794	10,460,309	41,328,914
Prof fees & purch svcs	15,022,459	14,994,548	15,811,542	17,142,092	62,970,641
Depreciation	4,970,802	4,965,343	4,988,370	5,439,793	20,364,308
Other	2,622,147	2,630,102	2,712,652	4,403,218	12,368,120
<b>Total expenses</b>	<b>72,564,974</b>	<b>75,390,026</b>	<b>73,297,622</b>	<b>76,167,190</b>	<b>297,419,812</b>
Income from operations	(2,001,316)	(9,189,401)	(8,110,735)	(3,327,753)	(22,629,205)
<b>Non-operating revenue (expense)</b>					
Property tax revenues <sup>1</sup>	2,125,000	2,125,000	2,125,000	2,125,000	8,500,000
Investment Income	1,264,997	1,347,561	1,207,216	1,237,202	5,056,977
Interest Expense	(4,431,369)	(4,424,943)	(4,426,719)	(4,449,375)	(17,732,406)
Interest Rate Swap	-	-	-	-	-
Non-operating depreciation	(1,477,130)	(1,478,750)	(1,478,750)	(1,478,750)	(5,913,379)
Other non-operating revenue(expense)	595,819	582,346	639,696	(581,209)	1,236,654
<b>Net income <sup>2</sup></b>	<b>(3,923,999)</b>	<b>(11,038,187)</b>	<b>(10,044,293)</b>	<b>(6,474,885)</b>	<b>(31,481,360)</b>
EBIDA Margin	9.9%	(0.3%)	1.3%	6.7%	4.6%

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

2= Excludes G.O. Bonds income / expense



# Statement of Net Position excluding G.O. Bonds

Excludes PHMG

Assets	Current Fiscal Year				Prior Fiscal Year
	Jul-24	Aug-24	Sep-24	Oct-24	Jun-24
<b>Current Assets</b>					
Cash and cash equivalents	21,644,410	9,043,511	20,816,458	11,981,842	17,359,239
Investments	34,068,116	34,085,979	14,102,916	15,558,884	54,298,096
Board Designated	7,082,739	7,082,739	7,082,739	7,082,739	7,082,739
Total cash, cash equivalents & investments	62,795,264	50,212,229	42,002,112	34,623,465	78,740,073
<b>Patient Accounts Receivable</b>	505,008,680	532,310,257	499,215,786	479,375,130	475,079,653
Allowance on accounts	(357,086,933)	(377,679,391)	(343,641,143)	(325,570,136)	(327,700,367)
Net accounts receivable	147,921,747	154,630,866	155,574,643	153,804,994	147,379,287
Inventories	12,839,392	12,874,132	12,879,181	12,862,403	12,512,288
Prepaid expenses	11,856,610	21,839,363	22,930,136	20,705,901	9,872,204
Est. third party settlements	87,443,191	87,443,191	87,443,191	87,443,191	87,806,947
Other	75,453,190	75,939,394	80,675,294	73,464,603	71,689,100
Total current assets	398,309,395	402,939,176	401,504,558	382,904,557	407,999,899
<b>Non-Current Assets</b>					
Restricted assets	104,258,751	100,012,213	98,669,946	120,200,383	106,528,977
Restricted other	356,914	357,007	357,007	357,084	356,833
Total restricted assets	104,615,665	100,369,220	99,026,953	120,557,467	106,885,809
Property, plant & equipment	1,556,327,940	1,556,607,114	1,556,632,604	1,555,149,478	1,556,364,751
Accumulated depreciation	(647,967,807)	(651,574,430)	(655,156,263)	(658,689,176)	(644,358,038)
Construction in process	57,799,523	59,641,465	61,759,172	65,489,103	57,513,297
Net property, plant & equipment	966,159,656	964,674,148	963,235,513	961,949,405	969,520,010
Right of Use Assets	331,771,116	328,933,646	326,907,892	326,700,932	334,609,278
Investment related companies	6,535,393	6,279,174	5,147,027	2,085,386	6,754,766
Prepaid debt insurance costs	7,272,142	7,246,135	7,220,128	7,194,120	7,298,149
Other non-current assets	78,325,986	77,819,199	77,310,447	70,130,489	78,831,767
Total non-current assets	1,494,679,957	1,485,321,522	1,478,847,959	1,488,617,799	1,503,899,779
<b>Total assets</b>	<b>1,892,989,353</b>	<b>1,888,260,698</b>	<b>1,880,352,517</b>	<b>1,871,522,356</b>	<b>1,911,899,678</b>
Deferred outflow of resources-loss on refunding of debt	44,299,803	44,081,888	43,863,973	43,646,058	44,517,717
<b>Total assets and deferred outflow of resources</b>	<b>1,937,289,155</b>	<b>1,932,342,586</b>	<b>1,924,216,490</b>	<b>1,915,168,414</b>	<b>1,956,417,396</b>

Liabilities	Current Fiscal Year				Prior Fiscal Year
	Jul-24	Aug-24	Sep-24	Oct-24	Jun-24
<b>Current Liabilities</b>					
Accounts payable	70,208,075	84,684,330	85,941,843	93,280,490	67,475,287
Accrued payroll	31,257,215	33,270,132	33,050,744	33,962,796	38,178,331
Accrued PTO	23,756,393	24,133,712	23,998,225	23,431,631	24,267,836
Accrued interest payable	11,812,747	14,810,979	17,786,466	20,798,255	8,905,068
Current portion of bonds	8,530,000	8,530,000	8,530,000	8,530,000	8,530,000
Current portion of lease liab	19,197,577	19,163,417	19,361,930	20,057,117	20,245,743
Est. third party settlements	16,933,480	12,518,267	7,543,190	2,812,345	16,933,480
Other current liabilities	129,227,254	128,925,725	129,436,748	130,380,124	128,832,172
Total current liabilities	310,922,742	326,036,563	325,649,147	333,252,757	313,367,918
<b>Long Term Liabilities</b>					
Other LT liabilities	27,686,667	27,664,762	27,642,857	27,620,952	27,708,572
Bonds & contracts payable	724,575,067	724,352,237	724,129,406	723,906,575	724,797,898
Lease liabilities	340,360,686	338,995,656	337,850,084	337,624,025	342,095,335
Total long term liabilities	1,092,622,421	1,091,012,655	1,089,622,347	1,089,151,553	1,094,601,805
<b>Total liabilities</b>	<b>1,403,545,163</b>	<b>1,417,049,218</b>	<b>1,415,271,494</b>	<b>1,422,404,310</b>	<b>1,407,969,723</b>
Deferred inflow of resources-unearned revenue	6,873,998	6,844,314	7,085,463	6,951,612	6,653,683
<b>Total liabilities and deferred inflow of resources</b>	<b>1,410,419,161</b>	<b>1,423,893,532</b>	<b>1,422,356,957</b>	<b>1,429,355,922</b>	<b>1,414,623,405</b>
<b>Net Position</b>					
Unrestricted	526,513,080	508,444,049	501,854,528	485,807,409	541,437,159
Restricted for other purpose	356,914	5,006	5,006	5,083	356,833
Total net position	526,869,994	508,449,055	501,859,534	485,812,492	541,793,991
<b>Total liabilities, deferred inflow of resources and net position</b>	<b>1,937,289,155</b>	<b>1,932,342,586</b>	<b>1,924,216,490</b>	<b>1,915,168,414</b>	<b>1,956,417,396</b>

# Statement of Net Position including G.O. Bonds

Excludes PHMG

Assets	Current Fiscal Year				Prior Fiscal Year
	Jul-24	Aug-24	Sep-24	Oct-24	Jun-24
<b>Current Assets</b>					
Cash and cash equivalents	21,644,410	9,043,511	20,816,458	11,981,842	17,359,239
Investments	34,068,116	34,085,979	14,102,916	15,558,884	54,298,096
Board Designated	7,082,739	7,082,739	7,082,739	7,082,739	7,082,739
Total cash, cash equivalents & investments	62,795,264	50,212,229	42,002,112	34,623,465	78,740,073
<b>Patient Accounts Receivable</b>	505,008,680	532,310,257	499,215,786	479,375,130	475,079,653
Allowance on accounts	(357,086,933)	(377,679,391)	(343,641,143)	(325,570,136)	(327,700,367)
Net accounts receivable	147,921,747	154,630,866	155,574,643	153,804,994	147,379,287
Inventories	12,839,392	12,874,132	12,879,181	12,862,403	12,512,288
Prepaid expenses	11,856,610	21,839,363	22,930,136	20,705,901	9,872,204
Est. third party settlements	87,443,191	87,443,191	87,443,191	87,443,191	87,806,947
Other	80,035,332	84,480,066	93,542,815	90,073,342	71,978,298
Total current assets	402,891,537	411,479,848	414,372,078	399,513,297	408,289,097
<b>Non-Current Assets</b>					
Restricted assets	174,974,289	139,305,443	138,380,981	160,906,948	176,672,759
Restricted other	356,914	357,007	357,007	357,084	356,833
Total restricted assets	175,331,203	139,662,450	138,737,987	161,264,032	177,029,591
Property, plant & equipment	1,556,327,940	1,556,607,114	1,556,632,604	1,555,149,478	1,556,364,751
Accumulated depreciation	(647,967,807)	(651,574,430)	(655,156,263)	(658,689,176)	(644,358,038)
Construction in process	57,799,523	59,641,465	61,759,172	65,489,103	57,513,297
Net property, plant & equipment	966,159,656	964,674,148	963,235,513	961,949,405	969,520,010
Right of Use Assets	331,771,116	328,933,646	326,907,892	326,700,932	334,609,278
Investment related companies	6,535,393	6,279,174	5,147,027	2,085,386	6,754,766
Prepaid debt insurance and other costs	8,564,251	8,525,332	8,486,412	8,447,493	8,603,170
Other non-current assets	78,325,986	77,819,199	77,310,447	70,130,489	78,831,767
Total non-current assets	1,566,687,604	1,525,893,949	1,519,825,278	1,530,577,737	1,575,348,583
<b>Total assets</b>	<b>1,969,579,141</b>	<b>1,937,373,797</b>	<b>1,934,197,357</b>	<b>1,930,091,033</b>	<b>1,983,637,680</b>
Deferred outflow of resources-loss on refunding of debt	46,871,707	46,635,932	46,400,157	46,164,382	47,107,482
<b>Total assets and deferred outflow of resources</b>	<b>2,016,450,850</b>	<b>1,984,009,730</b>	<b>1,980,597,515</b>	<b>1,976,255,416</b>	<b>2,030,745,163</b>

Liabilities	Current Fiscal Year				Prior Fiscal Year
	Jul-24	Aug-24	Sep-24	Oct-24	Jun-24
<b>Current Liabilities</b>					
Accounts payable	70,210,575	84,686,830	85,941,843	93,280,490	67,477,787
Accrued payroll	31,257,215	33,270,132	33,050,744	33,962,796	38,178,331
Accrued PTO	23,756,393	24,133,712	23,998,225	23,431,631	24,267,836
Accrued interest payable	34,672,800	17,693,913	23,552,334	29,447,057	28,882,187
Current portion of bonds	18,010,103	18,686,756	18,686,756	18,686,756	18,010,103
Current portion of lease liab	19,197,577	19,163,417	19,361,930	20,057,117	20,245,743
Est. third party settlements	16,933,480	12,518,267	7,543,190	2,812,345	16,933,480
Other current liabilities	56,683,672	56,979,389	58,087,661	59,447,974	55,689,956
Total current liabilities	270,721,816	267,132,417	270,222,683	281,126,167	269,685,423
<b>Long Term Liabilities</b>					
Other LT liabilities	27,686,667	27,664,762	27,642,857	27,620,952	27,708,572
Bonds & contracts payable	1,362,820,618	1,352,527,722	1,352,391,581	1,352,255,441	1,362,956,758
Lease liabilities	340,360,686	338,995,656	337,850,084	337,624,025	342,095,335
Total long term liabilities	1,730,867,971	1,719,188,140	1,717,884,522	1,717,500,419	1,732,760,665
<b>Total liabilities</b>	<b>2,001,589,787</b>	<b>1,986,320,556</b>	<b>1,988,107,206</b>	<b>1,998,626,585</b>	<b>2,002,446,088</b>
Deferred inflow of resources- unearned revenue	79,417,582	78,790,649	78,434,551	77,883,761	79,795,899
<b>Total liabilities and deferred inflow of resources</b>	<b>2,081,007,369</b>	<b>2,065,111,205</b>	<b>2,066,541,756</b>	<b>2,076,510,346</b>	<b>2,082,241,987</b>
<b>Net Position</b>					
Unrestricted	(64,913,432)	(81,106,482)	(85,949,247)	(100,260,014)	(51,853,656)
Restricted for other purpose	356,914	5,006	5,006	5,083	356,833
Total net position	(64,556,518)	(81,101,476)	(85,944,241)	(100,254,930)	(51,496,824)
<b>Total liabilities, deferred inflow of resources and net position</b>	<b>2,016,450,850</b>	<b>1,984,009,730</b>	<b>1,980,597,515</b>	<b>1,976,255,416</b>	<b>2,030,745,163</b>

# Supplemental Information

\*Financial performance includes Palomar Health Medical Group (PHMG) and Consolidating Schedules

Condensed Combining Statement of Net Position  
For the Fiscal Year-to-Date Ended October 31, 2024

	Palomar Health	PHMG	PAC	Eliminations	Total
<b>ASSETS</b>					
Current assets	446,912,003	65,866,737	5,841,835	(49,033,536)	469,587,038
Capital assets - net	961,949,405	8,745,585	-	-	970,694,990
Right of use assets - net	326,700,932	46,154,706	-	(23,384,523)	349,471,116
Non-current assets	194,528,694	4,180,596	-	-	198,709,289
Total assets	1,930,091,034	124,947,624	5,841,835	(72,418,059)	1,988,462,433
Deferred outflow of resources	46,164,382	-	-	-	46,164,382
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>1,976,255,416</b>	<b>124,947,624</b>	<b>5,841,835</b>	<b>(72,418,059)</b>	<b>2,034,626,815</b>
<b>LIABILITIES AND NET POSITION</b>					
Current liabilities	251,535,798	103,370,745	1,315,556	(53,015,402.26)	303,206,697
Long-term liabilities	1,386,962,562	175,175	-	-	1,387,137,737
Right of use lease liabilities	337,624,025	38,702,328	-	(20,301,128)	356,025,225
Total liabilities	1,976,122,385	142,248,249	1,315,556	(73,316,530)	2,046,369,660
Deferred inflow of resources - deferred revenue	100,387,960	-	-	-	100,387,960
Total liabilities and deferred inflow of resources	2,076,510,345	142,248,249	1,315,556	(73,316,530)	2,146,757,620
Invested in capital assets - net of related debt	(304,367,505)	7,084,545	-	898,471	(296,384,490)
Restricted	43,534,101	-	-	-	43,534,101
Unrestricted	160,578,475	(24,385,169)	4,526,278	-	140,719,584
Total net position	(100,254,929)	(17,300,625)	4,526,278	898,471	(112,130,805)
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION</b>	<b>1,976,255,416</b>	<b>124,947,624</b>	<b>5,841,835</b>	<b>(72,418,059)</b>	<b>2,034,626,815</b>

Note: Financial Performance includes GO Bonds  
Financial Performance excludes PHMG

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

For the Fiscal Year-to-Date Ended October 31, 2024

	<u>Palomar Health</u>	<u>PHMG</u>	<u>PAC</u>	<u>Elimination</u>	<u>YTD Consolidated</u>
<b>OPERATING REVENUE:</b>					
Net patient service revenue	243,484,047	25,022,672	-	-	268,506,719
Shared risk revenue	27,356,097	18,505,777	-	(1,324,130)	44,537,744
Other revenue	3,950,462	3,394,547	-	(163,888)	7,181,121
PH Program revenue	-	10,336,768	-	(10,336,768)	-
Total operating revenue	<u>274,790,606</u>	<u>57,259,764</u>	<u>-</u>	<u>(11,824,786)</u>	<u>320,225,584</u>
<b>OPERATING EXPENSES</b>					
DEPRECIATION AND AMORTIZATION	277,055,503	78,260,295	160,315	(14,114,454)	341,361,659
	20,364,308	1,576,174	-	-	21,940,482
Total operating expenses	<u>297,419,811</u>	<u>79,836,469</u>	<u>160,315</u>	<u>(14,114,454)</u>	<u>363,302,141</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b><u>(22,629,205)</u></b>	<b><u>(22,576,705)</u></b>	<b><u>(160,315)</u></b>	<b><u>2,289,668</u></b>	<b><u>(43,076,557)</u></b>
<b>NON-OPERATING INCOME (EXPENSE):</b>					
Investment income	5,946,126	(840)	-	-	5,945,286
Unrealized loss on interest rate swap	-	-	-	-	-
Interest expense	(29,733,995)	(230,091)	-	(141,793)	(30,105,879)
Property tax revenue	26,833,332	-	-	-	26,833,332
Other - net	(4,143,613)	(71,117)	-	(1,874,981)	(6,089,711)
Total non-operating expense - net	<u>(1,098,150)</u>	<u>(302,049)</u>	<u>-</u>	<u>(2,016,774)</u>	<u>(3,416,973)</u>
Net income (loss) before capital contrib	(23,727,355)	(22,878,754)	(160,315)	272,894	(46,493,530)
<b>CAPITAL CONTRIBUTIONS</b>					
					-
<b>CHANGE IN NET POSITION</b>	<b><u>(23,727,355)</u></b>	<b><u>(22,878,754)</u></b>	<b><u>(160,315)</u></b>	<b><u>272,894</u></b>	<b><u>(46,493,530)</u></b>
Interfund Capital Support - PHMG					-
Interfund Operating Support - PHMG	(25,030,751)	14,677,842	-		(10,352,909)
Interfund Support - Graybill					-
Interfund - PHMG	<u>(25,030,751)</u>	<u>14,677,842</u>	<u>-</u>	<u>-</u>	<u>(10,352,909)</u>
Net Position - Beginning of year	(51,496,823)	(9,099,710)	4,686,594	625,577	(55,284,362)
Prior Period Adj-Assets					
Effect of adopting GASB 87		-	-	-	-
NET POSITION - Beginning of year	<u>(51,496,823)</u>	<u>(9,099,710)</u>	<u>4,686,594</u>	<u>625,577</u>	<u>(55,284,362)</u>
<b>NET POSITION - Year to date</b>	<b><u>(100,254,929)</u></b>	<b><u>(17,300,622)</u></b>	<b><u>4,526,279</u></b>	<b><u>898,471</u></b>	<b><u>(112,130,801)</u></b>