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Ex Officio

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Letter from The Chairman of the Board

Dear Fellow Physician,

The last year has been tumultuous with a change in our CEO. From that difficult process has come a renewed commitment to the basic goals of the XIMED Medical Group. These goals are the enhancement of the practice of medicine for our members in the private setting. We are a unique entity in the practice of medicine, a medical group that is wholly owned by physicians for the benefit of physicians.

We continue to believe that private practice is the most efficient model and that competition among physicians enhances the care of our patients. Witness the recent survey in San Diego Magazine which rated 40 XIMED physicians as "best doctors". We truly believe that our patients come first, each and every time. To that end, we welcome new physicians who share our vision. This year alone, 35 new physicians have become part of XIMED Medical Group.

We also will continue to make every effort to improve the reimbursement environment, provide services at a discount, open investment opportunities, and provide a political voice for the private practicing physicians in our service area. This year XIMED will be involved in a number of new initiatives aimed at enhancing physician practices. We recognize that such initiatives will better position XIMED for the future changes in health-care and ensure that private practice will continue to thrive as a model of delivery. The Board of Directors and I appreciate the support you have given all of us during the past year and we continue to welcome suggestions and help from the physician members and encourage all to attend the upcoming Annual Meeting.

Robert P. Brouillard, MD, FACP

Dr. Harold Shively Leaves Ximed Board

It was with much respect and great admiration that Dr. Robert Brouillard, Chairman of the Board, accepted the resignation of Dr. Harold Shively from the XIMED Board of Directors at the February 7, 2006 meeting.



Dr. Shively has been a member of the XIMED Board of Directors since June 1994. Dr. Shively has also been past Chief of Cardiology, past Chief of Medicine and past Chief of Staff at Scripps Memorial Hospital La Jolla. He is a certified flight instructor, a retired Brigadier General in the Army Reserves and a former commander of the Second Medical Brigade, U.S. Army. Dr. Shively has also been a member of three championship baseball teams that have won the Men's Senior Baseball League World Series.

Dr. Shively has contributed in numerous ways to XIMED Medical Group throughout his twelve years as a member of the Board. His contributions will forever remain noteworthy and his tenure with the Board is appreciated and cherished. The Board voted unanimously to confer Emeritus status on Dr. Shively in recognition of his contributions to the XIMED organization. As such, he joins Dr. Donald J. Ritt as the only former Board members to achieve Emeritus status.

CEO Perspective

Over the past year XIMED Medical Group has gone through a number of changes, including new management and a new direction. As with any change, nothing happens overnight. We were successful in renegotiating a number of PPO contracts, with increases averaging 10-15%, and terminating those contracts that did not meet our requirements. We were also able to reinvigorate many business and vendor relationships that had languished in the past, with none more important than our strategic partner Scripps Health Care. Unfortunately, much of the last year was spent managing litigation. While these matters are never easy, I am happy to report that both cases were settled with the best possible result for the company. Through it all, the company was able to improve its financial result by over 20%, compared to the previous fiscal year.

As we enter the next fiscal year, a new direction for the company, both in structure and span of control, will begin to take shape. This new direction will focus on a series of initiatives that are aimed at enhancing our business model and strengthening the independent physician practice.

Here is just a sampling of initiatives that are in various stages of development.

- **Urgent Care Center** - Equity joint venture relationship with a local physician group that could develop Urgent Care Centers in the local area.
- **Sleep Center** - Business relationship with an established Sleep Medicine company looking to expand into San Diego.
- **Hospitalist Company** - New company focusing exclusively on providing dedicated physician hospitalists to organizations that need them.
- **IPA** - Forming a new physician model that will take advantage of ever-changing consumer benefits trends and provide contracted physician services.
- **MPN Network** - Development of a Medical Provider Network that will take advantage of new rules regarding Workers' Compensation.
- **Medical Malpractice Company** - Captive insurance company designed to reduce the escalating cost of physician malpractice premiums.
- **XIMED II** - New Medical Office Building to be located on the Scripps-Memorial campus designed to offer convenient office space for physicians.

These initiatives are being developed by XIMED to ensure that the independent physician practice continues to be a viable business model. As the future of health care delivery continues to evolve we must be flexible enough to navigate those changes in a manner that optimizes the independent practicing physician.

I look forward to seeing all of you at the upcoming annual meeting where each of these initiatives will be discussed in greater detail.

Thomas C. Sounhein, J.D.

Meet our newest Board Members

We are pleased to introduce the addition of two new members to the XIMED Board of Directors: Dr. George Dennish, III and Dr. Edward Cohen.

Dr. Dennish has been in practice since 1978 and is certified by the American Board of Internal Medicine and Cardiovascular Disease. He serves as the current president of San Diego Cardiovascular Associates and has practices in both La Jolla, in the Scripps/XIMED Medical Center and on the campus of Scripps Hospital, Encinitas. Dr. Dennish was elected by the membership to fill the open position on the Board of Directors.



With the retirement of Dr. Shively, Dr. Edward Cohen was elected by the Board as his replacement in March 2006. Dr. Cohen has been in practice with Coast Urology Medical Group since 1990 and practices in both Encinitas, on the campus of Scripps Hospital and La Jolla, in the Scripps/XIMED Medical Center. Dr. Cohen serves as current Chief of Staff at Scripps Hospital-Encinitas



XIMED Medical Group - New Physicians

We would like to extend our welcome to the new XIMED Medical Group physicians who joined us between August 1, 2005 and March 7, 2006:

Name	Specialty	Phone
Bradley J. Schneirow, M.D.	Sleep Medicine	(858) 623-3266
Ali R. Hamzei, M.D.	Cardiology	(858) 824-2900
Matthew Lucks, M.D.	Cardiology	(760) 944-7300
Sharon Dreeben, M.D.	Orthopaedics	(619) 698-3668
Mark Perlman, M.D.	Orthopaedics	(619) 698-3668
Lex Simpson, M.D.	Orthopaedics	(760) 943-6700
Danny Chan, M.D.	Radiology	(858) 454-4235
David Vu, M.D.	Radiology	(858) 454-4235
S. Elizabeth Johnson, M.D.	OB/GYN	(760) 635-3777
Kimberly Washkowiak, M.D.	OB/GYN	(858) 453-0753
Stephanie Sturgill, M.D.	Dermatology	(760) 758-5340
David J. Najafi, M.D.	Ophthalmology	(858) 457-3050
David E. Thomas, M.D.	Dermatology	(760) 758-5340
Farris Sandhu, M.D.	Internal Medicine	(858) 587-4773
Richard G. Just, M.D.	Orthopaedics	(760) 747-8935
Steven Eisenberg, D.O.	Hematology/Oncology	(760) 208-6730
Edward McClay, M.D.	Hematology/Oncology	(760) 208-6730
Laurie Frakes, M.D.	Hematology/Oncology	(760) 452-3340
Alfredo Bessudo, M.D.	Hematology/Oncology	(760) 452-3340
Mona Mofid, M.D.	Dermatology	(858) 793-7333
Joseph Yu, M.D.	Internal Medicine	(619) 287-9334
Christopher Chisholm, M.D.	Pain Medicine	(858) 453-7128
Georgine Jorgensen, M.D.	Family Practice	(760) 942-0118
David L. Greenwald, M.D.	Neurological Surgery	(619) 297-4481
Bradley Marcus, D.O.	Physical Medicine & Rehab	(619) 297-4481
Seth Katz, M.D.	OB/GYN	(858) 505-5500
Roy D. Amir, M.D.	Otolaryngology	(858) 658-0595

XIMED Medical Group - What is it made of?

Many of our members have expressed a curiosity as to the make of specialties within XIMED Medical Group. Your question will now be answered. Here is breakdown of the specialties and the number of physicians in each one, based upon what each physician has listed as his/her primary specialty.

Allergy/Immunology- 2	General Surgery-10	OB/Gyn-27	Psychiatry-7
Anesthesiology- 3	Geriatrics-1	Oncology-2	Psychiatry/Adolescent-1
Cardiology- 22	Gynecology/Oncology-2	Ophthalmology-13	Pulmonary Disease-4
Cardiovascular Surgery-4	Gynecology-1	Ophthalmology/Retina-3	Radiation Oncology-4
Colon & Rectal Surgery-2	Gynecology/Infertility -1	Orthopaedic Surgery-29	Radiology-25
Critical Care-1	Hand Surgery-1	Otolaryngology-7	Reproductive Endocrinology-2
Dermatology-29	Hematology/Oncology-8	Pain Medicine-2	Rheumatology-2
Electrophysiology-1	Infertility-2	Pathology-5	Sleep Medicine-3
Emergency Medicine-1	Internal Medicine-23	Pediatrics-2	Thoracic Surgery-1
Endocrinology-5	Nephrology-4	Physical Med/Rehabilitation-1	Urology-6
Family Practice-27	Neurology-16	Plastic Surgery-11	Vascular Surgery-3
Gastroenterology-8	Neurosurgery-9	Plastic/Reconstructive Surgery-4	
General Practice-2	Nuclear Medicine-1	Podiatry-2	Total Membership-352 Members

Helena's Café

We would like to welcome to our building Helena Hosaka, or as you may have seen in the lobby of the Scripps/Ximed Medical Center, Helena's Café.

Stop by the coffee cart for fresh soup, sandwiches, pastries and coffee.



New Preferred Vendor

XIMED Medical Group is pleased to offer a new vendor to our growing list of preferred vendors.

XIMED has now partnered with Shred-It to offer a discount to all XIMED physicians who wish to contract their services. Shred-It offers on-site document destruction, bonded uniformed drivers, recycling as well as attractive furniture consoles to meet your needs. They also offer a risk-free trial period.

Please contact Gary E. Bertolino at (760) 598-5700 to set up your account.

Remember, all of our preferred vendors are available to XIMED members and offer great savings and discounts. The current list of preferred vendors is available on our website at



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Redbook

XIMED Medical Group has been given full delegation for credentialing purposes by our contracted health plans. In order to retain our delegated status, there are several items that we must continue to do.

First, every three years all of our XIMED Medical Group physicians must go through a re-credentialing process. In 2003, most of our group went through this process. Beginning in December 2005 and continuing through June 2006 most of you will receive a re-credentialing packet from us. Please make sure that you complete and return this packet in the time frame allowed.

Second, it is crucial that we maintain accurate records. Should there be a change in address, name, location, tax identification number, or any other change to your practice, please forward that information on letterhead, via fax or mail to XIMED Medical Group (information below).

We will then forward that information to the health plans that XIMED is contracted with, so that your records can be updated. The health plans typically return that information to us for verification, which will only cause a delay in updating your records.

Next, XIMED Medical Group will continue to do all the credentialing of any new physicians. These documents are very time sensitive. If the signature on the application is older than 180 days, you will receive an attestation statement requesting a new signature. Please keep this in mind if you are adding any new physicians to your practice.

Finally, we are here to help you with any issues you may have. Please contact Cynthia Cullins, our Credentialing Manager with any questions, concerns or problems that you are experiencing. Ms. Cullins can be reached via email at ccullins@ximedinc.com, (858) 452-1279 ext 16 or fax at (858) 587-1642.

2005

Katrina Donation

It's time for the annual Flu Vaccine Clinic. Once again, the clinic will be administered by Scripps Health Nurses in the lobby of the Scripps/XIMED Medical Center. If you have any questions regarding the Flu Clinic, please call Kim Roberts at 858-626-7024.

Flu Shots Provided:
XIMED Lobby
Oct. 10 - Nov. 16, 2005
Mondays & Wednesdays
8:00 am - 12:00 noon
Cost is \$20

