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Details emerge in hospital talks

Birth control key to collapse of talks between Catholic St. Joseph, public district

By MATT BROWN

As talks between St. Joseph Health and the Petaluma Health Care District over an operating agreement for Petaluma Valley Hospital ramped up earlier this year, women's reproductive health services emerged as a key sticking point that ultimately led to the collapse of negotiations and cast uncertainty over the future of Petaluma's only acute care facility.

Officials from St. Joseph and the public health care district shared new details about the negotiations that ended abruptly on Oct. 5 when the Catholic healthcare provider pulled out of the talks. St. Joseph Health has been operating the hospital under a 20-year lease set to expire in January. The district had selected St. Joseph as its top choice from among four bidders to continue operations, and had been engaged in talks with the company for the past year.

But ultimately the two sides could not agree on financial terms, a non-compete clause and reproductive health services, according to officials on both sides. One of the main issues concerned tubal ligations, a sterilization procedure in which a woman's fallopian tubes are clamped.

Ramona Faith, CEO of the health care district, said that St. Joseph has offered the service in the hospital's family birthing center, but sought to discontinue the process in negotiations for a new lease deal.

"It's a service they currently offer," she said. "They determined that it would no longer be offered. As a community hospital, we need to be able to offer services the community wants. We were looking at ways to make that happen."

Todd Salnas, St. Joseph Health's Sonoma County president, said that the medical organization several years ago revised its policies around Catholic ethical and religious directives. Certain procedures, including tubal ligations, were no longer offered company-wide.

Since St. Joseph had an existing contract to operate the district-owned hospital, it was determined that those services would continue until the lease came up for renegotiation, Salnas said. He said that St. Joseph tried to work with the district to find an outside practitioner to provide sterilizations at the hospital, but in the end the issue became too complex to overcome.

"We wanted to support the Petaluma Health Care District and find a third party to operate the family birthing center and provide those services," he said. "There was a lingering, ongoing complexity of uncertainty."

St. Joseph Health and the Petaluma Health Care District last week held meetings with community stakeholders to address questions about the future of the hospital. The meetings were private, and a reporter was asked to leave one of the sessions. Both sides spoke in separate interviews after the meetings.

On the financial piece of the contract, Faith and Salnas both said that they were “close” to agreeing on terms, without elaborating on a dollar figure. Faith said that it was St. Joseph’s decision to walk away from the table and that it came as a surprise.

“We believed we had a tentative agreement,” she said. “We were very disappointed and surprised that it ended the way it did. We did reach out to continue (negotiations) as we believed there was a workable solution. But they indicated they could no longer negotiate the terms.”

Salnas said that St. Joseph pulled out when it did because the two sides failed to reach a deal by the agreed upon deadline of Sept. 30. He said the company’s new corporate structure did not play a factor in the negotiations. St. Joseph Health this summer merged with fellow Catholic healthcare provider Providence Health and Services.

“We set a goal to come to terms by the end of September,” Salnas said. “We were not able to come to terms. Everyone made a good effort to come to terms.”

Salnas said in the final few months the two sides met in person and over the phone at least weekly and sometimes several days in a row, including weekends. He said St. Joseph is now working on a smooth transition to the new hospital operator for patients and employees. The company has agreed to extend its current lease until September 2017, in order to give the health care district time to identify a new operator.

The company will continue to have a presence in Petaluma through its St. Joseph Health Medical Group and new health clinic on East Washington Street, Salnas said.

“We’re really committed to the Petaluma community,” he said. “We hope to have a partnership with the future hospital operator.”

Faith said the district is now reengaging with interested hospital operators. In addition to St. Joseph, Sutter Health, Prime Healthcare Services and Strategic Global Management responded to a district request for proposals last year. Faith said some of those operators are still interested in discussions, as well as others not involved in the original bidding process.

She said the failed negotiations with St. Joseph would not cloud the district’s ability to get a favorable deal with another operator.

“We believe that we were very reasonable in our approach and we will do the same with any bidder,” she said. “Our goal now is to have someone in soon. The sooner we can identify an operator the better it will be for everyone.”