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PD Editorial: Charting a new path for Petaluma Valley Hospital

The partnership between Petaluma Valley and Santa Rosa Memorial hospitals started with a feisty and very public debate about women's reproductive services and the future of health care in Sonoma County.

Twenty years later, that partnership has ended rather quietly — and, for many observers, unexpectedly.

St. Joseph Health, a not-for-profit Catholic health care organization that owns Memorial and Queen of the Valley Medical Center in Napa, assumed management of publicly owned Petaluma Valley Hospital in 1997. It was selected this year over three other bidders to continue running the south county's only acute-care hospital. This week, however, St. Joseph and the Petaluma Health Care District abruptly ended negotiations on a 20-year lease renewal.

What does it mean?

Well, this much is certain: The health care district, which has known for two decades that it needed a management plan in place for 2017, must now hustle to get a new operator. (St. Joseph says it will stay for the transition that could last up to a year.)

Regrettably, after 20 years of relative stability at Petaluma Valley Hospital, little else is clear.

The district, which is governed by five elected board members, could resume management of the 80-bed hospital, lease it to a new operator or sell it outright. Sutter Health and at least one other bidder competing with St. Joseph proposed to buy the hospital.

Despite the potentially wide-ranging implications — and a requirement that any lease agreement or sale be submitted for voter approval — Petaluma Health Care District officials have done little to involve the public in mapping the hospital's future. Most details of the bids were kept under wraps, and the only hint of trouble was an announcement in August that a new lease with St. Joseph wouldn't be finished in time for the Nov. 8 ballot.

It now appears that the two sides never got close to an agreement.

A written statement issued by the district cited "multiple factors ... including the inability to reach a workable agreement."

St. Joseph spokeswoman Vanessa DeGier was more forthcoming. "There were multiple factors," she told the Argus-Courier newspaper. "Three examples were the structure of the lease payment; a non-compete clause that would not protect either Petaluma Valley Hospital or St. Joseph Health; and complexities related to the need to maintain all family birthing center services."

Petaluma Valley Hospital, built in 1980, is the hub of the south county's health care network, and it offers the only emergency room and birthing center between Santa Rosa and San Rafael.

In an era when many publicly owned hospitals, including West County Medical Center and Healdsburg District Hospital, are struggling to remain solvent, Petaluma Valley has continued to attract patients and add services, at least in part due to its affiliation with St. Joseph, which has 50 hospitals in seven Western states after its merger this year with Providence Health & Services.

Regardless of why the lease negotiations failed, responsibility now falls to the Petaluma Health District's board to ensure the financial health of the hospital and continuity of care for the district's 85,000 residents. The board must act quickly, but going forward, the process needs to be more open and transparent, without any more last-minute surprises.