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## **Hospital transition underway**

**Officials working behind the scenes to switch Petaluma Valley operator**

By Ramona Faith

Petaluma Valley Hospital is a vital community-owned asset. The Petaluma Health Care District wants to assure this community that we continue to work diligently through the multi-faceted and increasingly complex process of transitioning our hospital's operations from St. Joseph's Health (SJH) to Paladin Healthcare.

Throughout our District's 70-year history we have harnessed the community's vision and provided oversight to ensure southern Sonoma County's health care needs are met.

As your public agency, local access to a thriving hospital is a primary objective — this means ensuring a facility that meets the community's current and long-term needs via a lease that protects core hospital services and provides ongoing investment in infrastructure, state-of-the-art medical equipment and technology, and people.

We understand the due-diligence process to identify and select a long-term operator, which has consumed the District for more than two years, has been lengthier than anticipated and some feel it is not as transparent as it could be. We sympathize, and we feel it too.

The District has always aimed to keep the community abreast of the steps toward securing the best operator for the next long-term lease. Until an agreement is reached, we are required to follow a specific process that enables us to negotiate the best outcome for Petaluma. We have shared, and will continue to share, as much information as possible as we hit specific process milestones. This includes notifying the press of updates, holding community meetings and forums to solicit feedback and answer questions, and providing the opportunity to sign up for bi-weekly updates via our website: [www.phcd.org](http://www.phcd.org).

The District continues to work through the critical transitional planning required to get a measure on the ballot for public vote. Here's where we are: Initially, the District moved forward in good faith to reach a new lease arrangement with our current operator, SJH.

Ultimately, and to our surprise, SJH ended negotiations after nine months, as we were unable to reach agreement on three material terms: Fair market rent, which the District is required to charge by law; a non-compete clause assuring that SJH would not offer services in Petaluma that could and should be offered through PVH; and maintaining women's health services.

After SJH ended negotiations, the District immediately re-engaged in a process to identify an alternative and new hospital operator. Paladin Healthcare was chosen based on its thorough proposal that aligned with community-identified priorities, demonstrated its strengths as an organization, and articulated a strong vision for PVH. It took the District and Paladin six weeks to negotiate a letter of intent under the same terms pursued with SJH.

Since then the District has been and continues to be actively engaged in finalizing a new lease with Paladin and an Operations Transfer Agreement with SJH — a complicated and charged process because the District is essentially brokering the transition of all hospital operations from SJH to Paladin. We are endeavoring to ensure that SJH, part of the Providence Health System, fulfills its legal obligation to return a viable, functioning hospital to the District so that we can then lease hospital operations to a new operator.

Representatives from the three parties involved – the District, SJH and Paladin – have been meeting weekly to discuss various aspects of the agreements. As a result of SJH's decision years ago to adopt a regional IT system that includes PVH, it is exceedingly complex and expensive to develop a new IT system and required interfaces to allow for the transfer of PVH with a functioning IT system on the effective date of a new lease.

There are meetings taking place to evaluate the full cost of creating an IT platform outside of the regional IT system that SJH set up, and we are making every effort to streamline the process and to reduce the associated costs. The District expects SJH to fulfill its financial, operational and other obligations resulting from its business decisions and to transition our viable and functioning hospital back to the District.

While we have hundreds of hours of collective effort behind us, much work still needs to be done and many agreements still need to be reached among the three parties. As such, the lease and transfer negotiations and agreements are not ready for the August ballot. SJH and Paladin have stated that there is ample time to reach the necessary agreements in time for the November election and the District agrees provided the parties continue to prioritize required actions needed to complete the transaction. A verbal agreement has been made between the District and SJH for SJH to maintain hospital operations to aid in a smooth transition, but a reasonable finite period of time needs to be identified. The District has been steadfast in its desire to avoid any disruption to the high-quality services enjoyed by this community.

We are confident that Paladin is a solid community partner. CEO Barry Wolfman and his team have and continue to put considerable thought and effort into this transition and the longer-term plans for our hospital's operation and our community's health. While Paladin is traditionally known for turning around struggling hospitals, Petaluma is not a turnaround by any stretch. It is a thriving, award-winning hospital known for its quality outcomes and industry best practices. Paladin recognizes this and wants to build upon the great work that exists.

We want to commend the PVH medical staff, employees and volunteers who continue to provide quality care and services to their patients through this process.

Armed with the wisdom gained throughout this process, the right partners in health care and the community's input, the Petaluma Health Care District is steadfastly pursuing a strong future for Petaluma Valley Hospital. We appreciate your support and patience with this transition and welcome your engagement in this process.

*(Ramona Faith is the CEO of the Petaluma Health Care District.)*