

Petaluma Health Care District Set to Review Two Lease Options for Petaluma Valley Hospital

*Current Operator and Lessor St. Joseph Health Joined by Prime Healthcare Services;
Board Entering Quiet Phase to Evaluate Proposals*

PETALUMA, Calif., Jan. 19, 2016 – [Petaluma Health Care District](#) (PHCD) is pleased to announce that two hospital operators completed the bid process to lease and operate Petaluma Valley Hospital (PVH) when its 20-year agreement with [St. Joseph Health](#) expires in January 2017. St. Joseph Health and [Prime Healthcare Services](#) have submitted refined proposals for lease options, which PHCD will review over the next 60 to 90 days before making its recommendation to the community on a continued or new operator. Both proposals state that the bidders intend to continue operating PVH as a not-for-profit.

“From the start, our goal was to identify and provide the community with options that maintain the high standard of community care PVH is known for and ensure long-term financial stability for the facility. Both providers who engaged in the bidding process have committed to maintaining their focus on quality, patient care and community health programs should their bids be successful.” said PHCD CEO Ramona Faith. “We look forward to working with the community as we evaluate these proposals and determine the future of our community hospital.”

PHCD is in the midst of a due diligence process to determine the best option for future operation of PVH. This process has included thorough evaluations of hospital operations and finances, study and analysis of the current and future health care needs of Southern Sonoma County, stakeholder interviews, multiple opportunities for community input and a formal request for proposals (RFP) process. In October 2015, [four initial bidders were invited to continue the process](#). From this group, St. Joseph Health and Prime Healthcare Services elected to complete their bids.

St. Joseph Health is a not-for-profit integrated Catholic health care delivery system sponsored by the St. Joseph Health Ministry and based in Irvine, Calif. Organized into regions encompassing Northern California, Southern California and West Texas/Eastern New Mexico, St. Joseph Health currently operates 16 hospitals. In addition to PVH, it operates the North Bay’s Santa Rosa Memorial Hospital and Queen of the Valley Medical Center in Napa. It identifies dignity, service, excellence and justice as its core values. In 2011, PVH was the only hospital in the North Bay area to be named one of the United States’ top performers on key clinical quality measures by the Joint Commission, the nation’s leading accreditor of health care organizations.

Prime Healthcare Services is a hospital management company headquartered in Ontario, Calif. that operates 38 acute care hospitals in eleven states. It has proposed to operate PVH through its Prime Healthcare Foundation, a 501(c)3 public charity, whose mission is to provide quality, compassionate healthcare for all, and serve communities through various charitable and educational initiatives. In 2015, Truven Health Analytics listed six Prime Healthcare facilities in its “100 Top Hospitals” ranking. In the state of California, only nine facilities made this national list.

Throughout the due diligence process, PHCD has engaged the Southern Sonoma County community, seeking options that meshed with the stated needs of residents who rely on PVH for

a wide range of health care services and count on the facility as a major job center in the region. The initial RFP, released in May 2015, incorporated feedback gleaned from these conversations. A complete report encapsulating community input was compiled in March 2015 and can be accessed [here](#).

From December 2015 through mid-January 2016, PHCD sought additional public input through a series of special board meetings on prioritizing service offerings and finalizing selection criteria to be used by PHCD's Board of Directors in its discussions with St. Joseph Health and Prime Healthcare. Effective today, the board is entering a 60 to 90 day quiet phase to examine lease offers and engage bidders in a concerted review process, which includes addressing possible shortcomings and working collaboratively to incorporate changes the district feels are desired and needed.

The PHCD Board, upon conclusion of the quiet phase, will select an operator, and will recommend them to the community. Public forums will then be scheduled to communicate the proposal's terms and air and address community concerns. The final step is a ballot measure, planned for November 2016, whereby the community will ultimately decide the selection.

"The community has well-equipped us with input, feedback, preferences and requests for this phase of discussions and negotiations with St. Joseph and Prime Healthcare. We are getting close to the finish line – with each phase serving as a critical, deliberate step in the process. The Board is committed to yielding an outcome that preserves and improves acute care services in Southern Sonoma County and strengthens the gem that is PVH," said PHCD Board President Elece Hempel.

"The entire process, from day one, has been community-driven – a not-unexpected facet given that PHCD is deeply ingrained in and committed to the people who depend on facilities such as PVH," added Faith. "We are confident that we will emerge from this process with a long-term agreement in place; with an operator who upholds the district's core values of compassion and community and that is committed to working with PHCD to broaden the region's health care offerings."

About Petaluma Health Care District

The Petaluma Health Care District (PHCD) is dedicated to improving the health and well-being of the Southern Sonoma County community through leadership, advocacy, support, partnerships and education. Its vision is to foster a healthier community, a thriving hospital and local access to comprehensive health and wellness services. PHCD has served the health and wellness needs of the community for 70 years and is a public agency managed by the community for the community. For more information, please visit www.phcd.org.

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