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Petaluma Health Care District Moves Due-Diligence Process Forward; Announces Four Potential Operators of Petaluma Valley Hospital

PETALUMA, Calif., Oct. 20, 2015 – [Petaluma Health Care District](#) (PHCD) announced that four responders to its formal Request for Proposal (RFP) will be invited to continue participating in the due-diligence and bid process to identify the operator for Petaluma Valley Hospital (PVH) when the lease with St. Joseph Health expires in 2017. The potential operators are St. Joseph Health, Sutter Health, Prime Healthcare Services and Strategic Global Management.

“Every decision we make here at PHCD and as a board stems from our steadfast commitment to advocate for and improve the health and well-being of Southern Sonoma County residents,” said PHCD CEO Ramona Faith. “We do not take our role as the community’s trusted health care leader and advocate lightly, which is why thoroughly vetting candidates for Petaluma Valley Hospital’s future operation has been and continues to be a critical priority. At this juncture, the board will not be accepting new proposals, as we are confident in the four potential operators with whom we have invited into the next phase. We look forward to continuing to engage the community in our evaluation and ultimate decision.”

Beginning with its inception in 1946, and until 1997, PHCD owned and operated Petaluma’s community hospitals, the most recent being PVH. In 1997, while still owning the hospital, PHCD entered into a 20-year lease with St. Joseph Health to operate PVH. In anticipation of the lease’s expiration in 2017, PHCD launched a due-diligence initiative in 2014 to identify viable options for continued operation of the hospital.

The process began with a thorough evaluation of hospital operations and finances, current and future health care needs in Southern Sonoma County, the overall health care landscape, and future trends in health care delivery. Additionally, a series of stakeholder interviews with community, business and health care leaders, as well as hospital physicians and staff, were held to gather input on priorities for hospital services and to assess the current strengths and barriers to meeting the future health needs of the community. A complete report was compiled in March 2015 and can be accessed [here](#). In May 2015, PHCD announced a formal RFP process, allowing potential future operators to submit information and present their offers. As announced above, PHCD will now move forward with the due-diligence and bid process with the following entities.

The current operator of PVH, [St. Joseph Health](#), is a not-for-profit integrated Catholic health care delivery system sponsored by the St. Joseph Health Ministry. Organized into regions encompassing Northern California, Southern California and West Texas/Eastern New Mexico, St. Joseph Health currently operates 16 hospitals. It identifies dignity, service, excellence and justice as its core values.

[Sutter Health](#) is a not-for-profit health care delivery system headquartered in Sacramento whose doctors, hospitals and other health care services operate in more than 100 Northern California cities and towns. The Sutter Health Network currently consists of 24 acute care hospitals. Sutter identifies its core values as excellence and quality; innovation; affordability; teamwork; compassion and caring; community; and honesty and integrity.

[Prime Healthcare Services](#) is a for-profit hospital management company headquartered in Ontario, California that operates 38 acute care hospitals in eleven states. Prime Healthcare is committed to preserving access to health care and turning hospitals into thriving community assets via its core values of quality, compassion and community, and a “physician led, patient centered” mission.

Strategic Global Management, Inc. is a for-profit California corporation. Strategic and its affiliates own and/or operate seven hospitals in California, including two former district hospitals. Strategic states that its goals are to be a high quality, low cost, integrated health care provider in each market in which it operates.

St. Joseph Health, Sutter Health, Prime Healthcare Services and Strategic Global Management will now have 60 days to complete any remaining due-diligence needed to further develop and fine tune their proposals to convert them to fully executable offers for the operation of PVH. After the 60 day period, or when all fully executable proposals have been received, PHCD’s Board will meet again to review each proposal. Soon thereafter, the Board will engage with the community by conducting public forums to solicit input on points to be considered in the Board’s selection process. The Board will then select the entity with which to enter full negotiations. Negotiations will conclude when the Board feels fair terms have been reached to best meet the health care needs of the community. Ultimately, the arrangement with the proposed operator will become a ballot measure for public vote.

“We thank our responders for their interest in Petaluma Valley Hospital and for working with us through this preliminary process. We now have two months to work closely with the four potential operators, ensuring the best acute care options are generated to meet the needs of Southern Sonoma County. Ultimately, we will recommend an operator after thorough evaluation and continued community engagement and feedback. The outlook is bright,” said PHCD Board President Elece Hempel.

PHCD has engaged with an adviser, The Camden Group, throughout the due-diligence process. The Camden Group is a health care industry management and consulting firm with extensive experience working with hospitals, health care systems, and medical groups, and has assisted other health care districts in similar negotiations and transactions.

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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