

Three Operators Vying for Petaluma Valley Hospital

PETALUMA, Calif., Feb. 6, 2017 – [Petaluma Health Care District](#) (PHCD) has received formal bids from three parties – KPC Health Inc., Paladin Healthcare and Pipeline Health – to operate Southern Sonoma County’s community-owned asset, Petaluma Valley Hospital (PVH).

“Since October when negotiations to continue hospital operations ended with St. Joseph Health, we have been fully and actively engaged in identifying viable parties that will continue to operate PVH as a high-quality community hospital that meets the needs of Southern Sonoma County residents,” said Ramona Faith, PHCD CEO. “The potential operators, KPC, Paladin and Pipeline, worked with us to prepare their proposals through site visits, interviews, data collection and analysis, and market research in advance of the bid submission deadline. We have also been coordinating closely with St. Joseph Health to help our bidders obtain the information they need to prepare and submit their bid. We are on an expedited timeline, but we are conducting a thorough process.”

Strategic Global Management, an affiliate of **KPC Health Inc.**, owns and operates a group of small- to medium-size hospitals in Southern California that provide a wide array of quality acute care and specialty services.

Pipeline Health operates community hospitals nationwide with local ties as new operators of Sonoma West Medical Center. Its stated mission is “to improve the clinical, operational and financial performance of our nation’s hospitals so they remain viable and accessible, enabling the continued delivery of high-quality care to their local communities.”

El Segundo, Calif.-based **Paladin Healthcare** describes their operating model as uniquely suited for community hospitals, with a focus on stability, quality care and community engagement. It operates urban and suburban hospitals throughout the country.

Now that the bids have been received, PHCD and its consultant, The Camden Group, will carefully review the submissions. PHCD anticipates discussing the bids with the potential operators and hospital physician leadership over the next few weeks with the goal of determining the successful bidder and reporting to the community by the last week of February. At that time, PHCD will share its recommendation and allow for community input in connection with the bid and bidder. PHCD will then commence negotiating definitive agreements with the bidder. PHCD also anticipates participating in discussions with the bidder and PVH’s current operator St. Joseph Health concerning the timing and terms of transferring hospital operations. Upon completion of this process, the matter will be submitted to the public for approval in either June or August, depending upon the time it takes to agree to and document the definitive agreements with the bidder and the operations transfer agreement between the bidder and St. Joseph Health.

“As a board, we continue to be community-first. Throughout this process, we have sought out multiple options and opportunities for public input to shape the selection criteria, and this has guided our standards for a new operator,” said Elece Hempel, PHCD board president. “We encourage the community to remain engaged in moving this process forward so we can make deliberate and swift strides towards establishing our new community partner.”

Added Faith, “We continue to devote all of our efforts to forge a new path for PVH. Our valuable hospital team, including the doctors and nurses, understand that we are striving to meet both

short- and long-term needs. We are encouraged by the fact that employees from every department have expressed to us in writing that they understand our intentions and support our efforts to ensure ongoing success of their quality community-based hospital.”

PHCD Community Commitment and Due-Diligence Process Background

PHCD is committed to finding the best option to ensure that exceptional local health care continues to be delivered in Southern Sonoma County. PHCD has been administering a due-diligence initiative to identify viable options for the continued operation of PVH for the past two years. After extensive community engagement and stakeholder interviews, PVH pursued a RFP process that garnered four respondents, including current operator St. Joseph Health. After careful evaluation and goodwill, PHCD focused its efforts on renewing with St. Joseph Health and entered into negotiations. However, discussions ended in Oct. 2016 due to complexities that kept the parties from reaching a workable agreement, including maintaining family birthing center services, a non-compete clause, and the lease payment financial structure. PHCD opened this second RFP process in Nov. 2016. St. Joseph Health is operating the hospital until Sept. 2017.

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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