



CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS
330 Harbor Drive
Sitka, AK
(907)747-1811

Meeting Agenda

City and Borough Assembly

*Mayor Matthew Hunter
Deputy Mayor Steven Eisenbeisz,
Vice Deputy Mayor Bob Potrzuski,
Aaron Bean, Kevin Knox, Dr. Richard Wein,
Benjamin Miyasato*

*Municipal Administrator: Keith Brady
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson*

Monday, April 16, 2018

5:00 PM

Assembly Chambers

WORK SESSION

SITKA COMMUNITY HOSPITAL RFP PROCESS

Huebner Advisory Consultants, Steve Huebner and Sarah Cave

[18-086](#)

Work Session Materials - Sitka Community Hospital RFP process

Attachments: [SCH Assembly Mtg 4-16-18 \(FINAL 41318\)..pdf](#)
[REVISED SCH Assembly Mtg 4-16-18 \(FINAL 41618\)..pdf](#)



CITY AND BOROUGH OF SITKA

Legislation Details

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Title: Work Session Materials - Sitka Community Hospital RFP process

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Indexes:

Code sections:

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| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
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Work Session Outline

Monday, April 16, 2018 5:00 p.m.
Harrigan Centennial Hall

- **Introduction and Group Agreements**
- **Review RFP Background, Process, Phasing and Timeline**
- **Provide RFP Response Status**
- **Refine Goals of Affiliation**
- **Agree on Guiding Principles for Affiliation**
- **Internal Commitments & Next Steps**

Sitka Community Hospital RFP

City and Borough of Sitka, Alaska Assembly

Sarah Cave & Steve Huebner

April 16, 2018



Tonight's Objectives

1. Introductions and Group Agreements
2. Review RFP Background, Process, Phasing and Timeline
3. Provide RFP Response Status
4. Refine Goals of Affiliation
5. Agree on Guiding Principles for Affiliation
6. Internal Commitments

Introductions and Group Agreements



Introductions

Individually:

- Name, role, and history with CBS (and/or SCH)

With Your Neighbor:

- CBS has identified affiliation as an important strategy for the organization. Why is it important to you?
- Do you have any concerns about affiliation? The affiliation process?
- Share with larger group (roundtable).



Group Agreements (Ground Rules)

- Suspend assumptions
- Listen, don't reload
- Balance advocacy with inquiry
- Attribute positive intent
- Tight facilitation/parking lot

RFP Background, Process, Phasing and Timeline



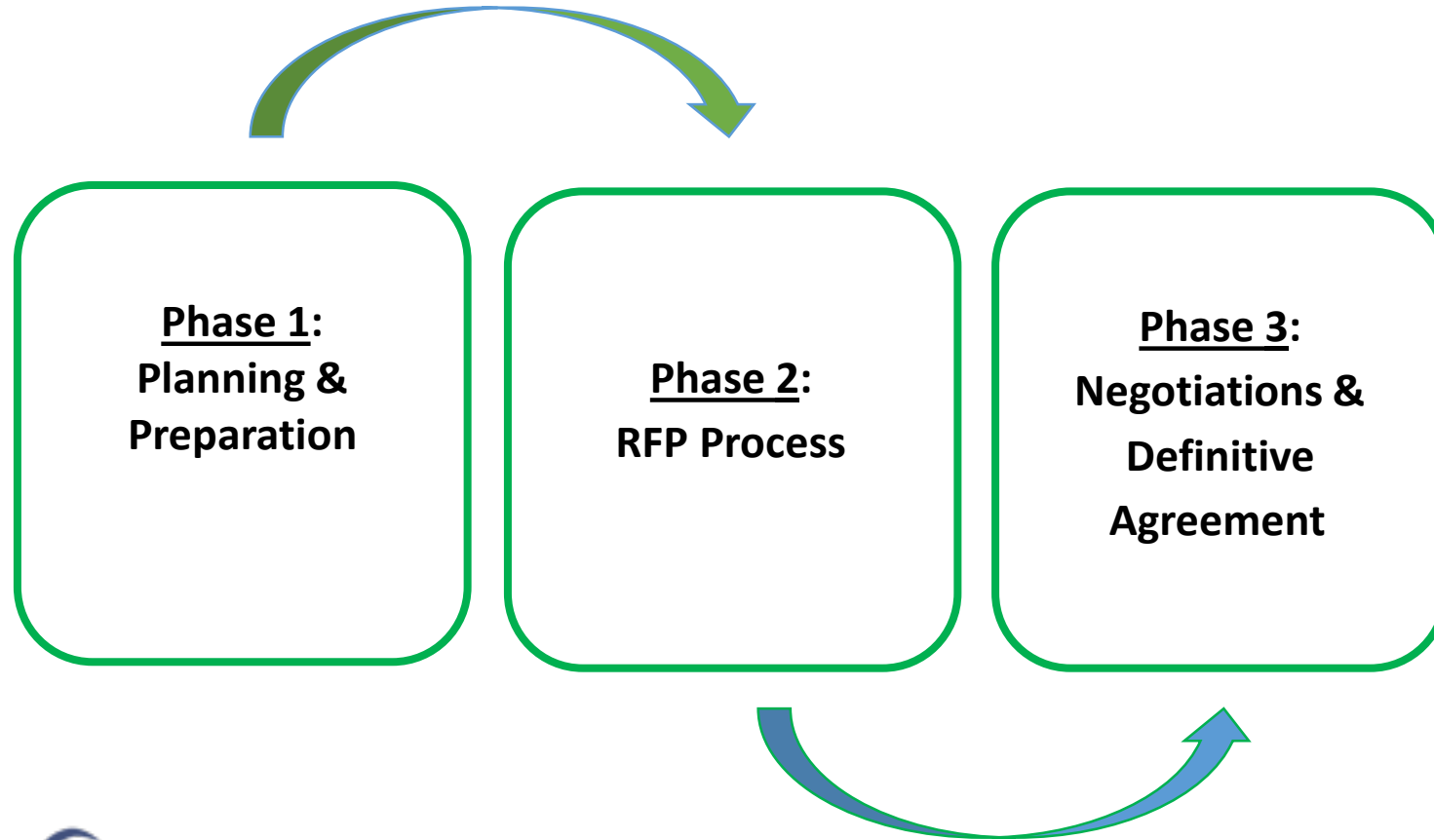
Background: RFP Refinement

Recap of RFP Revisions:

- Clarify Assembly's Goals of Affiliation (this evening)
- Encourage a phased or iterative approach to affiliation
- Shorten timeframe for maintaining status quo
- Revise language/expectations re: mitigation of financial risks
- Tighten up Phase 2 (emphasis on getting to know each other vs. true due diligence)
- Minor changes: APCs, Telehealth



Affiliation Process



RFP Process & Timeline

- RFP release date: March 30, 2018
- Preliminary Intent to Respond: April 16, 2018
- Due date for proposals: May 18, 2018
- Notice date of selected proposers: June 6, 2018
- Finalist site visits: completed by July 13, 2018
- Due date for expanded proposals: July 27, 2018
- Finalist oral presentation date: August 7, 2018
- Selection date of preferred proposer: August 28, 2018

Negotiations & Definitive Agreement (Summer-Fall 2018)

- Develop Letter of Intent (LOI)
- Conduct due diligence
- Execute definitive agreement

RFP Response Status



RFP Recipient List

Alaska-Based Hospitals/Health Systems:

- Alaska Regional Hospital
- Alaska Native Tribal Health Consortium/
Alaska Native Medical Center
- Fairbanks Memorial Hospital
- Mat-Su Regional Medical Center
- Southeast Alaska Regional Health Consortium (SEARHC)



Seattle-Based Health Systems:

- Providence Health & Services
- PeaceHealth
- UW Medicine (includes affiliated entities)
- Virginia Mason

Other (by request):

- Fly Alaska Sea Planes
- NDC Online
- Quorum Health Resources, LLC



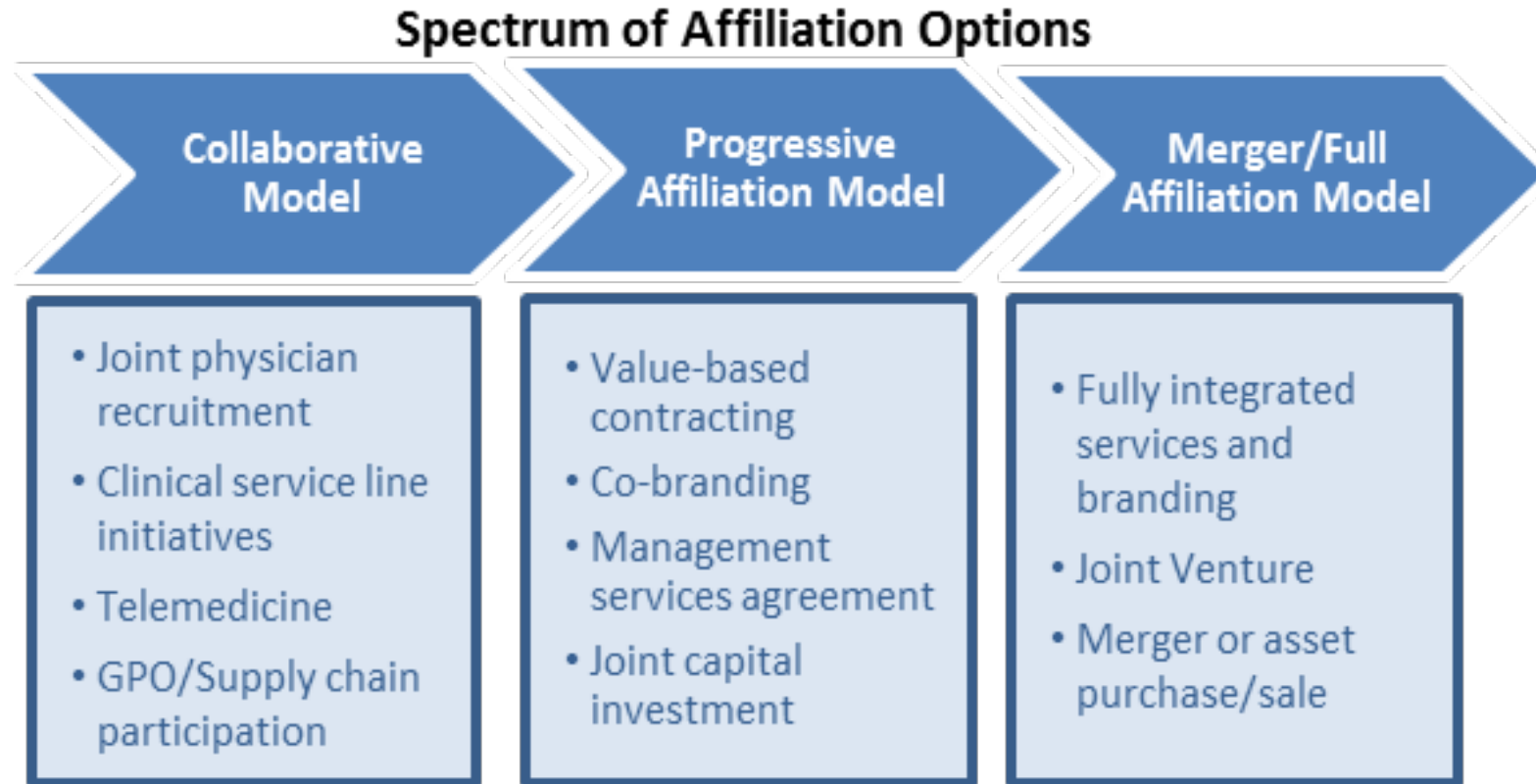
Status Update

- All organizations but 2 have acknowledged receipt of RFP
- 5 of 12 organizations have signed NDA and received SCH CIM
- Steve and/or Sarah have completed initial calls with 5 of 12 organizations
- To-date, 2 organizations have submitted 'Intent to Respond'
- Steve and Sarah will be in continued dialog with recipient organizations

Refine Goals of Affiliation



Recap: “Affiliation” Can Take Many Forms



Recap: Consultants' General Observations

- SCH performance is improving:
 - ✓ Improved operating performance
 - ✓ Improved cash flow and paydown of line of credit
 - ✓ Fiscal improvement plan being actively implemented per Stroudwater report
- Significant future obligations:
 - ✓ "PERS" liability
 - ✓ Future capital commitments
 - ✓ Ongoing operating losses
- SCH Balance sheet is not strong:
 - ✓ Can meet short-term needs
 - ✓ May not be sustainable if there are unforeseen financial challenges
 - ✓ Unlikely it can meet long-term PERS and capital commitments
- RFP Response:
 - ✓ Concern re: long-term financial commitments
 - ✓ Highly uncertain regulatory and economic environment
 - ✓ Responses could be limited
- Primary objective: "leave no stone unturned"

CBS/SCH Goals

Objectives (& Affiliate Characteristics) Outlined in RFP:

1. Increase quality and scope of healthcare provided in Sitka
2. Maintain/expand living wage employment opportunities
3. Mitigate current and future liabilities to CBS
4. Elevate brand status and reputation within our community
5. Provide access to capital for future needed improvements
6. Be well positioned for success in an era of healthcare reform

Anything critical missing from this list?

Goal 1: Increase quality and scope of healthcare provided in Sitka

Discussion Questions:

1. What does this mean to you?
2. Expanded scope of services need to be offered at SCH or available in community?
3. Can this be achieved through creating a more seamless continuum of care with affiliate organization?

Goal 2: Maintain/expand living wage employment opportunities

Discussion Questions:

1. What does this mean to you?
2. Expanded employment opportunities at SCH or available in community?
3. Reasonable to assume that efficiencies of scale may lead to need for employment transitions? How can this be supported?

Goal 3: Mitigate current and future liabilities to CBS

Discussion Questions:

1. What does this mean to you?
2. What are your expectations regarding the future commitment of CBS to ensure liabilities are met?
3. Are these expectations flexible (assuming all other goals of affiliation are met)?

Goal 4: Elevate brand status and reputation within our community

Discussion Questions:

1. What does this mean to you?
2. What would this look like from a provider/staff standpoint? A community standpoint?

Goal 5: Access to capital for future needed improvements

Discussion Questions:

1. What does this mean to you?
2. What kinds of capital investments do you imagine? Necessary improvements to physical plant over time? Other?
3. Is it reasonable to assume that capital investments must align with affiliate organization's strategic vision and priorities for SCH?

Goal 6: Be well positioned for success in an era of healthcare reform

Discussion Questions:

1. What does this mean to you?
2. What sorts of capabilities, clinical integration, and leadership in an affiliation partner do you believe are necessary for SCH to achieve this goal?

Prioritization of Goals

Recognizing that all of the goals are important, but that not all may be 100% achievable, individually prioritize the goals:

1. Each participant gets 5 **green** sticky dots and 1 **red** sticky dot
2. Place **green** dots on the highest priority goals (okay to use two or more dots by a single goal)
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Guiding Principles for Affiliation



Guiding Principles for Affiliation (culture & fit)

Principles to which CBS would adhere and would expect a potential partner to adhere to

1. Alignment of organizational missions and core values.
2. Compatibility of culture embracing quality and accountability.
3. Commitment to serving local community and providing access to appropriate care close to home.
4. Adoption of shared vision for the future.
5. Relationships characterized by trust, integrity, equity and collaborative spirit.



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6. Transparency and open communication channels between all parties.
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Guiding Principles Discussion Questions

- Any questions or anything that needs clarification?
- Anything with which you disagree and/or would propose removing?
- Anything missing?

Internal Commitments

How Board will work together toward a successful engagement

- Participation
- Collaboration
- Shared commitment
- Strategic focus

Questions or concerns?

Next Steps for Moving the Process Forward

- Active support and dialogue through proposal process
- Promote creative and evolving approaches to affiliation
- Proposal evaluation and candidate selection
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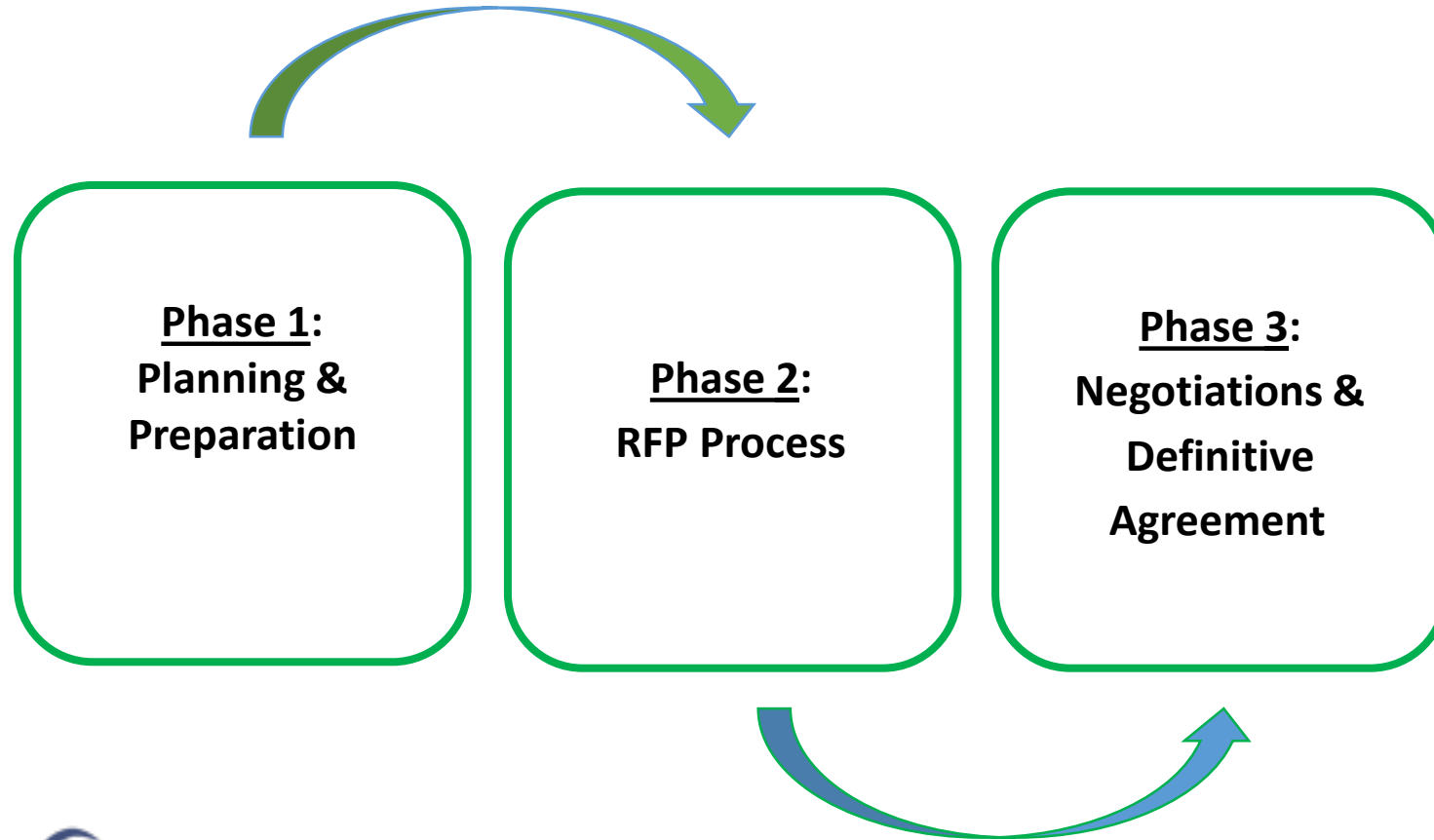
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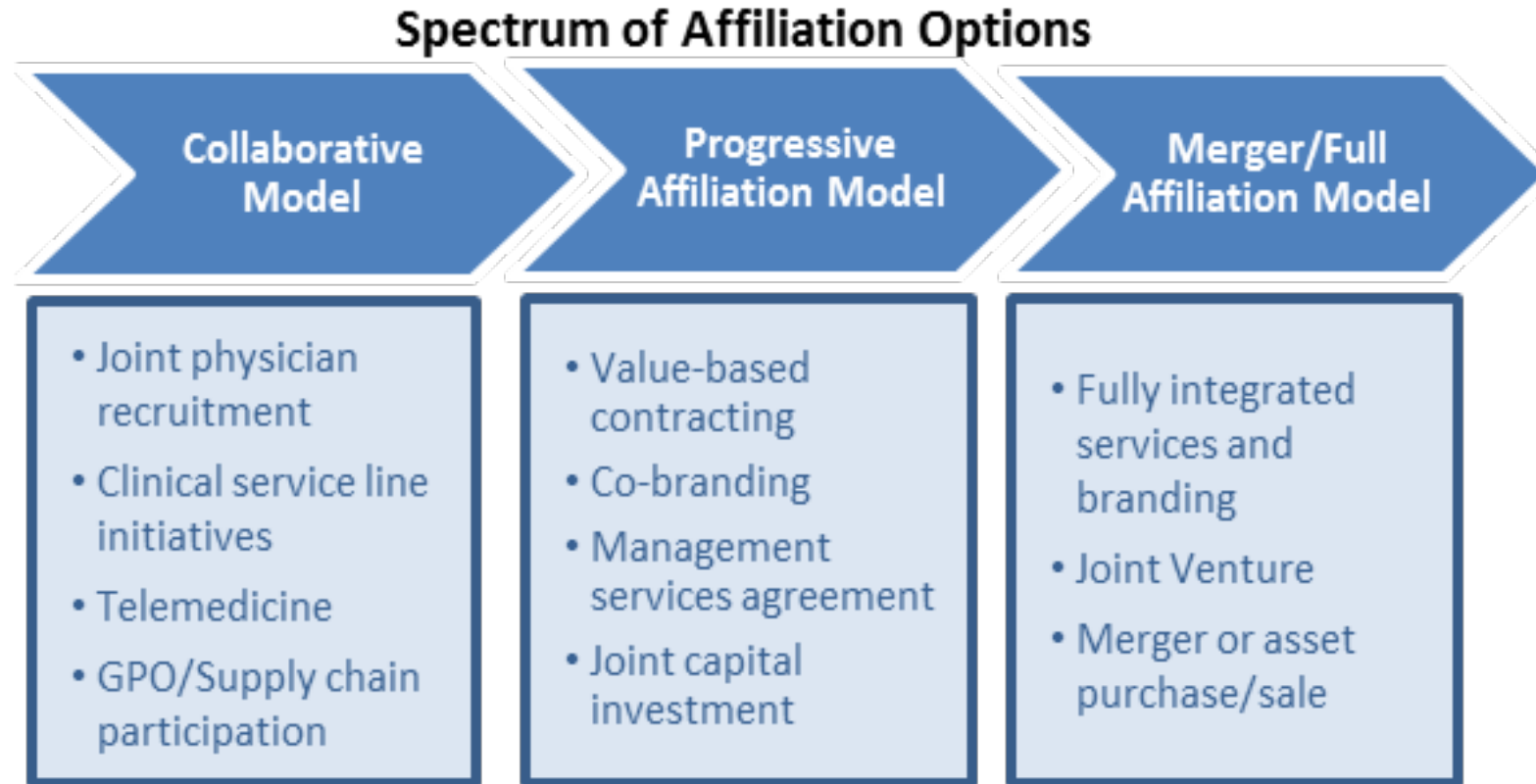
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7. Governance of future affiliated entity

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Discussion Questions:

1. What does this mean to you?
2. What sorts of capabilities, clinical integration, and leadership in an affiliation partner do you believe are necessary for SCH to achieve this goal?

Goal 7: Governance of Future Affiliated Entity

Discussion Questions:

1. What is most important to you in terms of governance of the future entity?
2. What level of influence does the Assembly anticipate having?
3. How does the Assembly see its future involvement in governance of SCH? Fiduciary, delegated, representation, input?

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