

Sitka Community Hospital RFP

City and Borough of Sitka, Alaska Assembly

Sarah Cave & Steve Huebner

June 5, 2018



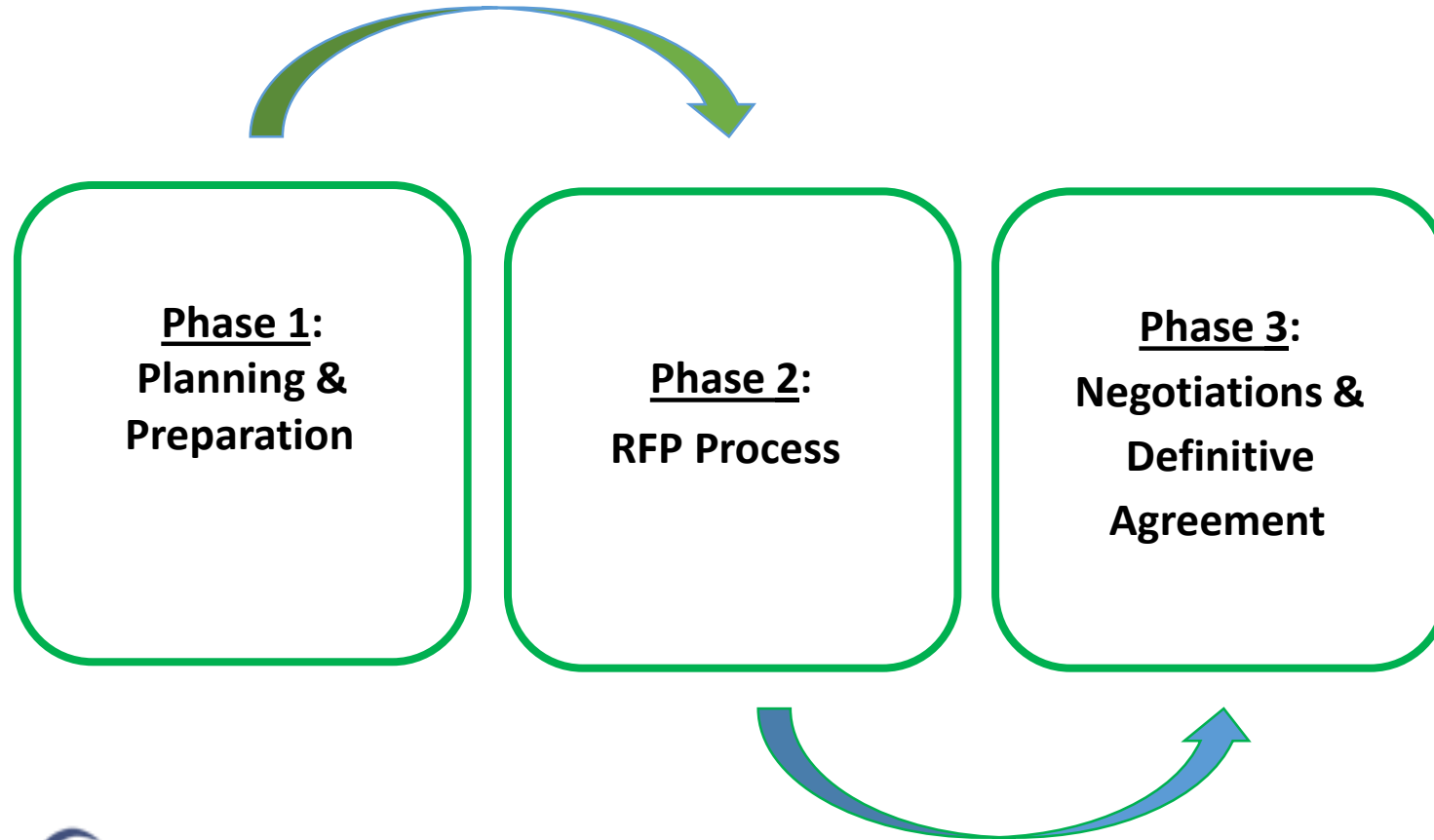
Tonight's Objectives

1. Quick recap of where we are in process and the CBS Assembly's Guiding Principles and Goals of Affiliation
2. Review the RFP Evaluation Team's assessment of proposals
3. Discussion and approval of the City Administrator's recommendation (on behalf of the Evaluation Team) of advancing 2 proposals to the next phase of the RFP process

Recap Process, Principles & Goals



Affiliation Process Phasing



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: July 11-12, 2018
- Due date for expanded proposals: July 27, 2018
- Finalist oral presentation date: August 13, 2018
- Selection date of preferred proposer: August 28, 2018

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.



Guiding Principles for Affiliation (culture & fit)

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

6. Transparency and open communication channels between all parties.
7. Willingness to engage mutually in transition/integration planning.



Prioritized Goals

Goal	Prioritization (# Dots)
Increase quality and scope of healthcare provided in Sitka	7 green
Mitigate current and future liabilities to CBS	7 green
Maintain/expand living wage employment opportunities	5 green
Provide access to capital for future needed improvements	4 green
Participate in governance of future affiliated entity	3 green
Elevate brand status and reputation within our community	0 dots
Be well positioned for success in an era of healthcare reform	1 red

Summary of Evaluation Team Assessment of Proposals



Evaluation Team Members

- Kimberly Bakkes, MD, SCH Chief of Staff
- Keith Brady, CBS Administrator
- Sarah Cave, Consultant
- Steve Huebner, Consultant
- Connie Sipe, SCH Board Chair



Evaluation Team Charge

1. Maintain Objectivity:

- ✓ Evaluate against objective criteria that map directly to RFP and CBS goals
- ✓ Team's job to objectively assess and recommend - Assembly's job to vote/ make decision
- ✓ Evaluate each proposal on its own merit
- ✓ Shed any preconceived notions about proposing organizations

2. Provide individual perspective on each evaluation criteria

3. Reach consensus on overall ranking of proposals

4. Recommendation of two proposals that most closely align with CBS goals and objectives

Overview of Evaluation Team's Scoring

- **Rating Scale: 1-5** (1-Does not meet criterion 2-Partially meets criterion 3-Adequately meets criterion 4-Exceeds criterion 5-Greatly exceeds criterion)
- **Criteria:**
 1. Degree to which RFP respondent's proposal optimizes SCH's positive attributes outlined in the RFP (mission, vision, CAH, programs/services)
 2. Demonstrated willingness to embrace the Assembly's Guiding Principles and Goals of Affiliation (goals weighted based on prioritization)
 3. Assessment of best organizational fit based on the organization's characteristics, performance trends, and track record of success
 4. Degree to which the nature and structure of the proposed affiliation aligns with the Assembly's goals and supports long-term sustainability of healthcare in the community

Summary of Scoring Results (ranked lowest to highest)

1. **Sitka Jet: 1.73** - did not receive an average score of 2 or higher on any criteria:
 - Real estate transaction (sale/lease-back w/triple net terms)
 - Does not achieve overall objectives
2. **Alaska Regional: 2.39** – did not receive an average score of 3 or higher on any criteria:
 - Services proposed in this affiliation agreement would be of benefit to the hospital/community
 - This proposal was previously presented to the SCH Board and management, so didn't respond to many elements of the RFP

Summary of Scoring Results (cont'd)

4. **RCCH/UW Medicine: 3.01** – range of average scores 2.58-3.37; exceeded an average of 3 on 2 of 4 criteria:

- Straight-forward proposal that meets many of the Assembly's goals
- Contingency of a merger with another AK hospital was Evaluation Team's chief concern
- RCCH/UW Med wouldn't want to enter the community if they couldn't be successful (small hospital, 2-hospital town)

Summary of Scoring Results (cont'd)

3. **Quorum: 2.63** – range of average scores 2.26-3.0; met 1 criterion

- Proposed management services would be of benefit to the hospital/community
- Experience working with small community hospitals
- Need to ensure that anticipated level of improved operating performance would justify management fees
- May not achieve long-term sustainability

Summary of Scoring Results (cont'd)

5. **SEARHC: 3.72** – exceeded a 3 on all criteria

- Fully responsive to the RFP
- Described a compelling shared vision, as well as a collaborative approach with input into governance process
- Committed to delivering a full range of services in the Sitka community
- Offered 3 different transaction structure options, all of which involve purchasing the business operations of SCH, and would be favorable in terms of mitigating CBS's financial liabilities and meeting short- and long-term capital needs.
- Long-term sustainable model
- Will need to address/manage historical mistrust and perception issues

Recommendation

- On behalf of the Evaluation Team, City Administrator recommends to the CBS Assembly that the following two organizations move forward to Phase 2 (SCH site visits):
 1. SEARHC
 2. Quorum Health Resources