

To: Keith Brady, Municipal Administrator, City and Borough of Sitka
From: Dan Neumeister, Senior Executive Vice President, SEARHC
Re: Expanded Proposal Submission for Sitka Community Hospital RFP
Date: July 26, 2018
cc: Sara Peterson, Municipal Clerk, City and Borough of Sitka

Dear Mr. Brady,


Enclosed please find one hard copy of SEARHC's Expanded Proposal Materials, to accompany SEARHC's previously submitted Proposal for Sustainable Healthcare Services in Sitka in 2018. You will receive an electronic version of these additional materials by email as well.

We continue to look forward to the opportunity to work together in this endeavor.

Thank you for acknowledging your receipt of this document below:

City and Borough of Sitka, Municipal Administrator or designee

July 26, 2018



SEARHC's proposal provides economic security to Sitkans and creates a thriving healthcare delivery system that everyone can count on for years to come!

SEARHC'S PROPOSAL

Assumes ALL financial risk and responsibility for healthcare services in Sitka.

Provides funding for the City's pension liability.

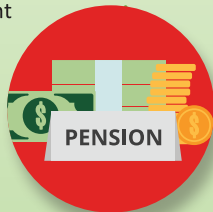
SEARHC proposes three payment options representing a total cash payment ranging from \$9 million to \$16 million.

SEARHC's offer provides the City and Assembly with an additional projected \$3 million through the liquidation of SCH balance sheet assets.

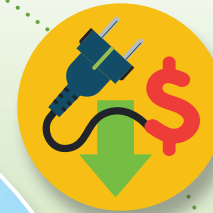
Enables the City to retain its current facilities for alternative use.

Frees up money for the Assembly to spend on schools, public safety, roads, infrastructure, etc.

Expands and enhances sustainable healthcare services in Sitka and gives all Sitkans access to all services.



Builds a new sustainable healthcare campus for the entire community, including a 25-bed critical access hospital, new medical office building and 20-bed long-term care facility.



Ensures better electric rates for Sitkans with lower rates projected to range between 15 to 30 percent for the entire community, due to the increased electric load for the new healthcare campus.



Provides the Assembly and Sitkans with a governance role by creating a dedicated Advisory Council for input about services, quality and patient satisfaction.



Guarantees employment for SCH employees – no layoffs.



Promises a transparent, collaborative process with transition teams of SCH and SEARHC representatives creating the best outcome for all.

We are committed to creating a thriving healthcare delivery system for all of Sitka and believe it's the right thing to do for our community!

SEARHC Proposal for Sustainable Healthcare Services in Sitka in 2018

Expanded Proposal Content

In May 2018, SEARHC submitted a second proposal to the City and Borough of Sitka (CBS), the first of which was submitted one year earlier. The May 2018 proposal refined the May 2017 proposal content and includes supplementary information on many sections. The additional content emphasizes key benefits to Sitkans, including but not limited to:

- Assuming all financial risk and responsibility for healthcare services in Sitka;
- Assisting in funding the pension liability;
- Ensuring better electric rates for all Sitkans (projected between 15-30 percent);
- Guaranteeing employment of SCH employees and onboarding/orientation services;
- Providing **all** Sitkans with access to SEARHC's services.
- Freeing up money for the Assembly to spend on schools, public safety, roads and more;
- Providing community health management and benefits;
- Providing the Assembly and Sitkans with a governance role through an Advisory Council; and
- Ensuring a collaborative and successful affiliation.

Although SEARHC received the highest score of the proposals submitted, the following information further expands on a few content areas within the May 2018 SEARHC proposal.

■ **Advisory Council:** Page 23

As stated in the proposal, SEARHC will establish an Advisory Council in Sitka to provide input on clinical services, including those reflecting the CBS's expertise, such as home care and long-term care, to ensure maintenance and a smooth transition that meet the healthcare needs of the community. The role of the Advisory Council will be to provide:

- Feedback and information relative to the clinical and healthcare needs of the community to ensure these needs can be built into the planning process for SEARHC activities in Sitka;
- Input relative to programs and services, quality of care and quality improvement and patient satisfaction; and
- Input to ensure access to care, hiring practices and core services remain the same.

The Advisory Council's membership is expected to include three members selected by SEARHC and up to nine at-large members initially appointed by SEARHC and the CBS Assembly. The Advisory Council will report directly to the SEARHC Accreditation Governing Body.

■ **Prior Affiliation Success:** Pages 10 and 21 and Appendix B

SEARHC has successfully completed several affiliations in the last five years, including Lynn Canal Counseling Services, Sitka Medical Center and Alaska Island Community Services (AICS) and will capitalize on the "lessons learned" in integrating with Wrangell Medical Center. Through these

affiliations, SEARHC has a firm appreciation that the collaborative process is a learning process where the strengths of the two organizations working together create a powerful outcome.

Throughout the integration process with Sitka Community Hospital (SCH), SEARHC will be focused on what can be learned from SCH and what needs to be adopted. Recognizing the most important elements of a successful integration is a smooth transition with employees and patients, SEARHC will:

- Focus on employees;
- Initially only make necessary changes and ensure a solid understanding of SCH's operations and services before making further changes; and
- Implement a coordinated process with information technology (including phones, email, etc.) for ease of communication and a smooth transition.

Upon consummating the affiliation agreement, SEARHC will establish transition teams consisting of representatives from SCH and SEARHC. The transition teams will discuss how each organization takes care of patients and conducts business and develop a road map that prioritizes the steps and timeline for a successful integration.

■ **Changes in Patient Financial Responsibility:** Page 5

SEARHC will provide healthcare services to **all** members of the community and ensure all services and programs will be available to all individuals. SEARHC is also committed to appropriately serving patients in difficult financial circumstances across the continuum of care. To this end, SEARHC offers financial assistance to individuals who have a demonstrated need to receive medically necessary direct care services. SEARHC offers financial assistance to patients who are unable to pay their hospital and/or clinic bills due to difficult financial situations.

Additionally, SEARHC offers a sliding scale discounted fee program that covers inpatient and outpatient services, including ancillary services, specialty and surgical services. SEARHC's sliding fee discount program is the first of its kind in Sitka. Community members in Sitka have long requested access to discounted services for those who are uninsured or underinsured, and SEARHC provides this option for the community.

■ **FINANCIAL OPTIONS FOR THE CITY TO CHOOSE:** Pages 21 and 22

SEARHC's proposal offers financial flexibility with three options for the CBS, all of which:

- Assume all financial risk for operating current SCH services, equipment replacement and facility repairs, which translates into the CBS no longer needing to subsidize SCH;
- Represent a total cash commitment from SEARHC, ranging from \$9 to \$16 million;
- Free up tobacco tax and capital monies from CBS (approximately \$900,000 per year) for other community needs, including schools, harbors, public safety, roads, infrastructure and more;
- Free up a projected \$3 million in current SCH assets from the SCH balance sheet; and
- When all of SEARHC's cash commitment and the CBS's savings are combined, represent a total grand value of \$12.9 to \$19.9 million.

	OPTION 1	OPTION 2	OPTION 3
Cash Payment to the CBS	\$8.3 million to buy the SCH business only	\$700,000 for 22 years for a total cash payment of \$15,400,000 to buy the SCH business only	\$9 million to buy the SCH business only
Lease Payment to the CBS	\$140,000/year for up to five years	Included in above	Included in above
One-Time Payment for SCH Termination in PERS DB and PERS DCR		\$646,000	
Total Cash Commitment	\$9 million	\$9 million (minimum)	\$9 million
Total Maximum Cash Commitment by SEARHC	\$9 million	\$16 million	\$9 million
CBS Retains Current Subsidies and Support Payments	The CBS retains \$900,000 per year of tobacco tax revenue and capital support	\$900,000	\$900,000
Retained Assets and Liabilities by CBS	Cash and investments, foundation assets, accounts receivable, prepaid expenses, deferred pension outflows and any identified non-operating assets, as well as current liabilities, long-term debt, net pension liability, obligation payments to third-party payers and other disclosed or non-disclosed liabilities, together which are valued at a net positive \$3 million	\$3 million	\$3 million
Total CBS Savings	\$3.9 million +	\$3.9 million +	\$3.9 million +
Grand Total Value	\$12.9 million	\$19.9 million	\$12.9 million



Proposal for Sustainable Healthcare Services in Sitka in 2018

SouthEast Alaska Regional Health Consortium

3100 Channel Drive, Suite 300, Juneau, AK 99801

907-463-4000 | www.searhc.org

May 16, 2018

The Honorable Mayor Matthew Hunter and Assembly Members
City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835

Dear Mayor Hunter and Assembly Members,

SouthEast Alaska Regional Health Consortium (“SEARHC”) believes the vision of creating a *premier healthcare delivery system for Sitka that is dedicated to improving our community’s health through inclusive, sustainable and quality services* can become Sitka’s reality. Through collaboration with the City and Borough of Sitka (the CBS) and the CBS Assembly, SEARHC can ensure sustainable healthcare services for our community and free the CBS from the responsibilities and fiscal burdens of running a hospital.

In response to the CBS Assembly’s Request for Proposal (RFP), we are pleased to submit the following proposal, which outlines SEARHC’s plans to assume full financial risk and responsibilities for seamlessly integrating Sitka Community Hospital (SCH) and SEARHC while expanding healthcare services and creating a sustainable delivery system for the Sitka community. SEARHC fully embraces the goals of improving access to both primary and specialty services, attracting and retaining high-quality providers and staff, enhancing quality patient care and clinical outcomes while creating a financially thriving enterprise that promotes the expansion of services in Sitka. Our proposal outlines SEARHC’s intent of creating a flourishing enterprise that benefits all Sitka community residents and the CBS by:

- Developing a continuum of care and sustainable healthcare delivery system;
- Assuming complete financial risk and responsibilities for delivering healthcare services to Sitka;
- Mitigating pension liabilities to the CBS;
- Providing access to capital to enhance quality and patient safety;
- Committing to no layoffs and reductions of SCH staff while creating new employment opportunities;
- Improving recruitment and retention of primary care and specialty providers;
- Participating in governance by establishing an Advisory Council for local input; and
- Building a new healthcare campus that offers Sitka comprehensive and reliable services for the future.

Through transparency, open communication and a collaborative partnership with the CBS and the CBS Assembly, we look forward to the opportunity to work together in creating a reliable healthcare future for Sitka. If you have any questions regarding the proposal, please contact Dan Neumeister at (907) 966-8402 or dann@searhc.org.

We respectfully await your response.

Sincerely,



Kimberley Strong, Board Chair
SEARHC

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Appendix E:	CBS Electric Department Letter
Appendix F:	Quick Reference Guide Correlating Elements of the RFP with Proposal Contents

Executive Summary

With our patients', residents' and community's health at the top of our minds, SEARHC is willing to assume all of the financial risk and responsibilities to create a comprehensive and viable healthcare delivery system. In so doing, SEARHC will ensure there will be no employee layoffs or reductions in services and will absolve the City and Borough of Sitka (the CBS) of responsibilities associated with any daily maintenance and capital expenditure requirements, which will free up CBS resources to be allocated toward other obligations. Additionally, SEARHC will provide funding to the CBS to allocate as it deems appropriate, which could include offsetting the CBS's pension liabilities. Looking toward the future, SEARHC will build a comprehensive healthcare campus, which will create a significant additional benefit of allowing for the reduction and stabilization of electrical rates for all Sitka residents and the community.

SEARHC will work closely with the CBS in accomplishing all of the above while realizing the alignment of Sitka Community Hospital's (SCH) and SouthEast Alaska Regional Health Consortium's (SEARHC) missions and visions to develop *a premier healthcare provider that improves community health through the sustainable provision of a broad array of high-quality clinical services.*

In response to our complex and increasingly demanding healthcare environment, our combined values of **trust, integrity, equity, collaborative spirit, respect, service, cultural identity, compassion and professionalism** will guide SEARHC's actions and decisions in working with the CBS to develop a healthcare delivery system our residents deserve. We are confident that, together, we can develop a system with a broad array of services and specialties that responds to the needs of all community residents, including infants, adolescents, young and mature adults and seniors.

Our focus must be on providing value while ensuring efficiency and a better quality of life in Sitka. In working with the CBS, we can create a reality where:

- The CBS Assembly can eliminate its financial risks and obligations associated with providing healthcare services resulting in access to capital for ongoing maintenance and improvements as well as unmet educational, public safety and infrastructure needs;
- Patient care, quality and clinical outcomes are enhanced;
- Clinical services are expanded, and patients are assured access to primary and specialty services close to home;
- High-quality providers and staff can be assured of joining the delivery system through equitable hiring practices; and
- Governance includes the creation of an Advisory Council in Sitka to provide input on clinical services, including those reflecting the CBS's expertise, such as home care and long-term care, to ensure ongoing maintenance and a smooth transition that meets the healthcare needs of the community.

SEARHC's proposal provides the context for creating a thriving healthcare system in Sitka that capitalizes on our experience and commitment to quality while offering an exceptional patient experience that drives positive outcomes. SEARHC's strong financial position and significant experience in managing healthcare costs ensure affordable healthcare for area residents and a viable community health system. Additionally, our multi-specialty physician practice and ambulatory services, when combined with SCH's inpatient and outpatient services, home health services and long-term care, will provide a comprehensive and sustainable continuum of care that can weather marketplace fluctuations. SEARHC's ability to recruit physicians and advanced practice clinicians will facilitate the right mix of specialists in expanded service lines and seamless clinical services through outreach or telemedicine. And, SEARHC's use of telemedicine and advanced technology, such as the Cerner electronic medical record platform, 3-D mammography and magnetic resonance imaging, will ensure the application of current technology to treat patients.

The specific terms and commitments of our proposal are summarized below and outlined in more detail throughout the proposal with the understanding that:

- SEARHC will assume **ALL** financial risks to deliver healthcare services to Sitka, as spelled out in three separate options.
- SEARHC will assume all financial responsibility for healthcare services, relieving the CBS of its obligations to deliver such services and SEARHC will create funding for the CBS to address its pension.
- SEARHC will fund all necessary daily maintenance and capital expenditures in support of delivering healthcare services, including maintaining the long-term care facility to comply with state licensure requirements. SEARHC is proposing a new campus; therefore, eliminating the need to improve the current SCH facility.
- The CBS will retain all SCH balance sheet assets and liabilities.
- SEARHC will provide healthcare services to all members of the community and ensure all services and programs will be available to all individuals from various, diverse cultures.
- SEARHC will provide the community of Sitka with all services SCH currently provides for a minimum of two years. Additionally, SEARHC will consider a phased approach in determining where best to locate primary care clinics.
- SEARHC will integrate the operations and all acute care services of SCH into the Mt. Edgecumbe Hospital (MEH) campus in the short and long term.
- Upon being provided a list of current capital construction in progress, SEARHC will review the projects and more fully address its approach and/or funding.
- SEARHC will provide a safe environment for employees, patients and families.
- SEARHC will offer employment to all SCH employees in good standing, subject to typical licensure and background checks.
- SEARHC's governance will establish an Advisory Council for Sitka to provide feedback about services, quality and patient satisfaction.

- MEH will become the acute care facility, and SCH will transform primarily into a long-term care facility until the new campus is completed.
- SEARHC will build a new medical campus, including a hospital, medical office building and long-term care facility with construction beginning three to five years from the close of the transaction. The current SCH campus will be vacated once the new long-term care facility is completed on the MEH campus.

SEARHC will prepare a term sheet no later than September 15, 2018, that will more closely define the parties' interests and identify specific goals pertaining to leasing the SCH facility and acquiring all operating assets and operations. Should the CBS elect to proceed, SEARHC will sign a letter of intent within the first 30 days and enter a due diligence period of 45 to 60 days. SEARHC will sign a definitive agreement within 60 to 90 days, with closing anticipated within 60 days of signing a definitive agreement, subject to receive final applicable regulatory approvals.

SEARHC's Value Proposition

As healthcare leaders, our patients and community residents rely on us to use our community's resources wisely. The current model of two stand-alone hospitals serving a population of 9,000 is no longer sustainable, and the duplication of costs and services to the community must be addressed. SEARHC will work with the CBS to better coordinate healthcare delivery in Sitka with increased access to quality services, decreased wait times and improved facilities. The following highlights SEARHC's value proposition and commitment to Sitka.

Collaboration with Shared Values and Goals

SEARHC believes in the values and goals (see below) identified by the community assessment and jointly created by SCH and SEARHC, which included critical input from key stakeholders. The values and goals are foundational in realizing the vision of making Sitka the home of *a premier healthcare provider dedicated to improving our community's health through inclusive and sustainable, quality services*. In collaboration with the CBS, SEARHC will be guided by these umbrella values and goals, as well as those articulated by the CBS Assembly in affiliating, which emphasize the importance of increasing the quality and scope of healthcare provided in Sitka; mitigation of current and future liabilities to the CBS; maintenance and expansion of living wage employment opportunities; provision of access to capital for future needed improvements; participation in governance of the future affiliated entity; and elevated brand status and reputation within Sitka.

VALUES

Ensure equal access to care for all patients.

Provide services tailored to the needs of patients and the community.

Provide high-quality, culturally appropriate care.

Ensure equitable employment opportunities.

Improve access to primary and specialty services close to home.

Attract and retain high-quality providers and staff.

GOALS

Create a financially thriving enterprise that enables the expansion of services in our community.

Enhance patient care, quality, experiences, and clinical outcomes.

Less Exposure to Industry Challenges and Improved Financial Position

Alaska is facing unparalleled fiscal challenges accompanied by the expansion of Medicaid and 2018 state budget cuts to Medicaid's reimbursement for inpatient and outpatient services, all of which result in decreased funds to the CBS. Concurrently, Sitka has excess bed capacity, and the population is rapidly aging while growth in the general population remains stagnant. These circumstances are creating fiscal burdens for Sitka hospitals, community leaders and, most importantly, Sitka patients and residents. Despite these pressures, SEARHC has focused on building a solid financial foundation and has experienced growth in total revenue, net operating margins and cash on hand proving SEARHC will be a strong partner with the CBS in meeting the challenges ahead.

Working with SEARHC, the CBS Assembly's financial obligations for future healthcare services will be eliminated, freeing up resources previously spent on healthcare to be invested back into the CBS treasuries for ongoing maintenance and improvements in education, public safety and infrastructure. And, through job expansion and workforce development, residents and the CBS will experience greater economic stability.

Expanded Services and Improved Patient Experience and Technology

Best practices in healthcare focus on improving the patient care experience and population's health as well as reducing the per capita cost of healthcare. By drawing from SEARHC's large service area, the Sitka community will benefit from expanded services and increased access to medical and specialty services.

SEARHC will provide all the major services provided by SCH for at least two years and into the foreseeable future, including obstetrics, surgery and emergency care at the MEH campus, as well as all other services identified in the Annual Review of Services FY 2017 provided through the SCH confidential information memorandum (CIM). SEARHC also is committed to providing all other services mentioned in the CIM for at least two years. With respect to emergency services, the SCH emergency department (ED) will be combined with and relocated to the recently remodeled MEH emergency department. The ED will be staffed by in-house scheduled providers as well as providers from SCH who are interested in providing ED services.

To deliver highly-coordinated and quality care, SEARHC utilizes the Cerner integrated electronic health record platform, which allows all providers within the Consortium to access patients' records and be informed of their care and needs regardless of where they may be accessing care within the SEARHC system. To promote an overall positive patient experience, SEARHC has and will continue to implement quality and safety standards. SEARHC will work closely with SCH in coordinating care and referrals through a team of dedicated staff, including case managers and case manager assistants to ensure a positive patient and provider experience. And, in mid-2018, SEARHC will implement a new centralized and standardized care coordination, travel and referral center.

SEARHC will address the shortage of physicians and key areas of focus for expanding specialty offerings and clinics include: orthopedics, ear, nose and throat (ENT) services, ophthalmology, urology, cardiology, dermatology, hematology, oncology and neurology. Currently, SEARHC is in the process of engaging with key health systems in the Seattle market to create a clinical affiliation that will provide specialty clinics in Sitka and other locations within the Consortium, resulting in a continuum of specialty care services with a single provider health system. Additionally, working closely with the CBS, SEARHC will grow the long-term care program in Sitka.

SEARHC intends to fund growth in services from various sources. Growth strategies are driven by SEARHC's strategic plan, which is focused on addressing the needs of our communities and patients, including health issues such as opioid and alcohol abuse, pain management, obesity, adverse childhood events, integrated behavior health within primary care and more.

SEARHC also is dedicated to employing first-rate technology and diagnostic tools to improve Sitka patients' experiences. In spring 2017, SEARHC converted to Cerner for its electronic health record platform. The current system utilized by SEARHC is a shared domain with Alaska Native Tribal Health Consortium and Cerner allowing for a unified medical record for many of SEARHC's patients. This shared domain allows SEARHC to participate in the latest software enhancements and new developments with minimal expense. SEARHC has successfully transitioned several healthcare organizations to the Cerner platform, including Sitka Medical Center, Front Street Clinic and Gustavus Clinic. Additionally, in the fall of 2018, SEARHC will be transitioning Alaska Island Community Services (AICS) in Wrangell to Cerner. In light of SEARHC's experience with this type of conversion, the transition of SCH to the SEARHC Cerner platform is not anticipated to be difficult.

Community Health Management and Benefit

As described in this proposal, SEARHC provides a wide range of health initiatives and services for community health management, including but not limited to tele-behavioral health and short-term patient housing, that focus on improving the health of the individual as well as the community. As in the past, SEARHC will continue providing and coordinating expertise and resources for Sitka's community health and wellness initiatives as part of its larger structure, and the community will benefit from a pool of expertise at all levels of patient care without losing the local, family-provider relationship.

In line with SEARHC's strategic goals, the Consortium is committed to appropriately serving patients in difficult financial circumstances across the continuum of care. To this end, SEARHC will continue offering financial assistance to those who have a demonstrated need to receive medically necessary direct care services. This includes providing financial assistance to patients unable to pay their hospital and/or clinic bills due to difficult financial situations. Additionally, SEARHC offers a sliding-scale discounted fee program that covers inpatient services and all outpatient services, including ancillary services, specialty and surgical services. This discount program is the first of its kind in Sitka. Community members in Sitka requested access to discounted services for those who are uninsured or underinsured, and SEARHC responded by providing this option to the community.



Savings from lower electric rates will benefit everyone and make "all of our business more competitive: fish processing, education, home owners, retail business and boat owners..."

Bryan J. Bertacchi,
City Electric Utility Director

SEARHC recognizes the value a foundation offers to a community for building and enhancing local healthcare services; however, SEARHC is unaware of the legal structure of the referenced foundation in the RFP. SEARHC proposes that any current foundation funds and activities be maintained as a separate entity and assumes the foundation's affairs are and will continue to be managed by a separate board and function independently or under the CBS's oversight. However, SEARHC is open to providing a legal and operational structure to create a foundation as part of SEARHC that is focused on the healthcare needs of the Sitka community.

Looking to the future, the Sitka community and residents will benefit significantly from the proposed new healthcare campus, as described below, which will result in lower electric rates projected to range between 15 to 30 percent for the entire community (see Appendix E). Additionally, the proposed new hospital will facilitate expansion and provide a gateway for the CBS's electric department to pursue federal, state and grant opportunities for a new voltage substation.

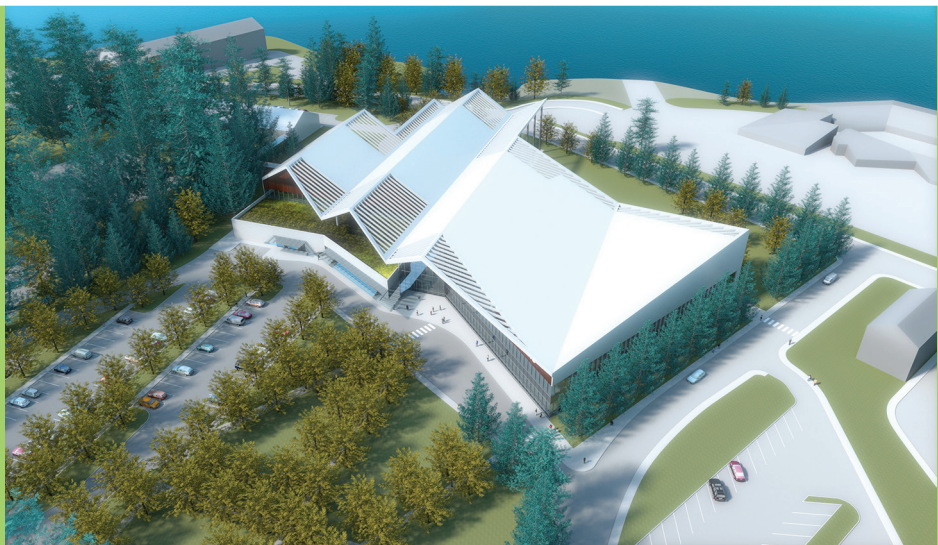
New Healthcare Campus

New and improved facilities will be needed in Sitka as the health needs of Sitka's population change, service line expansion occurs and current facilities age. SEARHC envisions a modern healthcare campus in Sitka that would house advanced technology and include a hospital, medical office building and long-term care facility. As seen in the photos, the campus is estimated to be 175,350 square feet and will include 25 in-patient beds, four operating rooms and 50 treatment rooms in the medical office building as well as 20 long-term care beds.

**View of
Proposed Campus**



**Aerial View
Looking North**



Overview of SEARHC

About SEARHC

For more than 40 years, SEARHC has provided high-quality healthcare services in the Southeast Alaska region. Founded in 1975, SEARHC is one of the oldest and largest Native-run health organizations in the nation. In 1976, SEARHC contracted with the Indian Health Service to assume management of the Community Health Aide Program. In 1982, the contract was expanded to include the operations of the Indian Health Service Juneau clinic, now the Ethel Lund Medical Center, and in 1986, SEARHC assumed operation of MEH.

SEARHC is guided by its values (see chart) and mission of *Alaska Native People working in partnership to provide the best healthcare for our communities*. SEARHC has 1,070 employees, operates in 28 communities and, in many cases, is the sole provider in the communities it serves. In 2015, SEARHC revised its mission to reflect the care provided to **all** residents. In 2017, SEARHC also recommitted to its vision of *partnering with our communities to promote a healthy balance of mind, body and spirit*.

In addition to MEH, SEARHC has primary care clinics throughout Southeast Alaska and provides specialty clinics as well. Medical specialists travel to remote facilities to care for patients who are unable to fly to Anchorage or Seattle and need services not available in Southeast Alaska.

MEH, a 25-bed critical access hospital with 409 employees, provides a complete range of services, including acute care, critical care, obstetrics, surgery and perioperative care, emergency services, behavioral health, dental care and outpatient primary care services. Additionally, MEH provides acute care as well as swing-bed services for rehabilitation services. In 2017, MEH had 551 inpatient admissions and 54,041, out of 183,493 Consortium-wide, outpatient visits in addition to performing 1,047 surgical procedures and, in 2018, expects to deliver 100 babies.



In response to community members' requests to enhance services locally, SEARHC opened the Sitka Medical Center Express Care Clinic in January 2018. The Express Care Clinic (ECC), the first of its kind in Sitka, is open to everyone in the community. Staffed by a full-time medical provider, the ECC is open Fridays through Mondays from 8:00 a.m. to 6:00 p.m. providing fast, effective medical treatment for common illnesses such as strep throat, bronchitis, urinary tract infections, ear infections, allergies, minor injuries and more. Vaccinations, school physicals, sports physicals and commercial driver's license medical exams also are available at the ECC.

Like all SEARHC clinics, the ECC accepts almost all insurance coverages. With the opening of the ECC, SEARHC also implemented a sliding fee discount payment option for eligible patients without insurance. This discounted payment option is available at all SEARHC locations in Sitka, including MEH. Eligibility for discounted services depends on income and family size.

In recognition of the increasing needs of our aging population in Sitka, SEARHC also initiated the delivery of home healthcare services, which provides support to patients needing transitional care upon discharge from MEH.

Ensuring Patient Satisfaction

SEARHC's focus on continuous quality improvement and outcomes enhances the delivery of services and is informed through regular assessments of patient satisfaction. Using the Snap Survey methodology, SEARHC continually examines consumer satisfaction with inpatient and outpatient services. These surveys are deployed in all clinical service areas and in all communities of the Consortium in addition to support areas such as short-term housing and patient travel.

For inpatient satisfaction at MEH, SEARHC measures 16 comprehensive criteria covering areas such as staff friendliness, how well staff informs patients and family members about patient care plans, cleanliness, hygiene, quietness, privacy, meals and an overall rating of care. For FY2017, inpatient satisfaction scores demonstrated an overall positive score of 99 percent.

For outpatient surveys, patients are asked to rate their experiences based on a series of 11 different questions measuring ease of scheduling; friendliness of staff; staff concerns for privacy; and their responsiveness to questions and concerns; the degree to which patients are informed of delays; and more. In 2017, more than 5,000 outpatient surveys were completed across the Consortium with an overall positive rating of 98 percent for the care patients received during their visits. Additionally, 97 percent of all patients surveyed indicated they were likely to recommend their care providers to others. For 2018, outpatient satisfaction scores are trending at 98 percent for the first two quarters.

SEARHC also utilizes a regional team of Patient Experience Representatives (PERs) who are customer service liaisons for SEARHC's patients and their medical providers. The PERs listen, track and monitor trends based on customer feedback and recommend changes to improve SEARHC's performance.

SEARHC has a positive working relationship with Alaska's major payers. For several years, the Consortium has been working closely and contracts with Regence, Aetna, Blue Cross and United Health Care. Both SEARHC and the third-party payers focus on maintaining a good working relationship; consequently, neither SEARHC nor the third-party payers have had negative issues or problems that would jeopardize the delivery of ongoing patient care.

Developing Sustainable Services Through Affiliation

SEARHC has successfully completed several affiliations in the last five years. In 2012, SEARHC acquired Sitka Medical Center (SMC), a private medical practice with a 30-year history of providing multi-disciplinary primary care services to the community of Sitka. The owner of SMC approached SEARHC with a request to affiliate, which culminated in the purchase of the practice in late 2012. SMC is a primary care practice location in Sitka where any community member or visitor can be seen at the clinic or at SEARHC's other primary care practice location at MEH.

Similarly, in 2014, SEARHC was contacted by Lynn Canal Counseling Services (LCCS), a community mental health and behavioral health service provider in Haines and Skagway. Like SMC, LCCS also had a long history as the main provider for comprehensive community behavioral health services in the area of the Upper Lynn Canal. However, LCCS's ability to provide long-term, viable services was threatened by declining reimbursements, limited grant opportunities from the state and federal funders, as well as increasing costs. LCCS's Board of Directors requested merging with SEARHC, and in October 2015, LCCS affiliated with SEARHC.

Anticipating dramatic changes in the healthcare landscape in Alaska, including reimbursement and infrastructure support, AICS initiated discussions with SEARHC about affiliation options. Considered the premier comprehensive community health provider in southern Southeast Alaska, AICS contacted SEARHC to discuss creative and innovative ways to sustain the provision of high-quality primary care services. As a result of those collaborative discussions, AICS merged with SEARHC in April 2017.

SEARHC has a long-standing history of providing services in Wrangell and has worked collaboratively with Wrangell Medical Center and the City and Borough of Wrangell (CBW). In light of marketplace constraints, the CBW approached SEARHC last year with the goals of optimizing resources and enhancing access to quality care for community residents. SEARHC and the CBW are currently working together on these goals.

With collaboration and transparency in mind, SEARHC and affiliates established transition teams to promote the smooth integration of the organizations' operations and systems. The teams consisted of representatives from both organizations and focused on the most productive ways to combine operations while ensuring both perspectives were heard. For example, the SEARHC and AICS affiliation relied on 14 transition teams that worked toward a unified understanding of the goals and desired outcomes as well as expedient resolutions of issues raised. As with previous affiliations, transition teams will be a key component for the successful affiliation of SEARHC and SCH.

Reference letters from each of the affiliated entities, LCCS, AICS and the CBW, are included in Appendix B.

Delivering Community Services and Benefits

According to the Sitka Economic Development Association's economic model, SEARHC provides an economic value to the Sitka community of approximately \$74 million annually. SEARHC has a long history of supporting community benefit activities and health initiatives that provide care to all in need, including residents in low-income communities. These supportive services include but are not limited to healthy lifestyle coaching; tobacco cessation support; screenings and case management for heart disease, cancer and diabetes; and Women, Infants and Children (WIC) nutrition support. In 2017, SEARHC donated approximately \$955,450 to communities throughout Southeast Alaska.

SEARHC is engaged in collaborative community partnerships in Sitka that have created specific impact on the community. As a founding member of the Sitka Health Summit Coalition, SEARHC has provided funding opportunities to local groups interested in creating healthier systems in their communities. With this funding, local groups and businesses have created community playgrounds and gardens, added wild fish on school menus, instituted environmental changes that increase physical activity, improved nutrition and adopted policies for smoke-free spaces.

This last year, SEARHC sponsored more than \$25,000 in direct support to community groups and events as diverse as the Sitka Health Summit, Sitka Health Fair, swim team, community kitchen, Greater Sitka Arts Council, Sitka Trail Works, etc. SEARHC also has contributed more than \$135,000 since 2015 to the boys and girls running clubs provided through Sitkans Against Family Violence.

Additionally, SEARHC has invested and created a positive impact in Sitka by:

- Funding and coordinating the annual community health fair;
- Staffing the Health Needs and Human Services Commission, Hope Coalition, Sitka Health Summit, Pathways Coalitions, all of which serve the greater good of Sitka's health;
- Being a key sponsor of the Sitka Chamber of Commerce;
- Sponsoring the Sitka Little League team;
- Supporting the performing arts center, community playground, Julie Hughes Triathlon, Great Sitka Arts Council, music festival, veterans' group, farmers market and more;
- Volunteering by numerous SEARHC staff throughout the community in coaching, cleaning, cooking, dancing, leading community fundraisers, tutoring and more; and
- Providing a \$50,000 grant to the Sitka Tribe of Alaska to promote community health and wellness.

SEARHC's Governance

The SEARHC Board of Directors (Board) serves as the chief policymaking body of the Consortium and is comprised of 15 individuals who provide oversight of all functions and programs. SEARHC's Board is guided by the Consortium's values, vision and mission that are inclusive of all people residing in the Southeast region.

SEARHC's Accreditation Governing Body (AGB) is a subset of SEARHC's Board and has the authority to:

- Govern overall operations and programming of hospital, medical, behavioral health and dental clinics;
- Maintain decision-making on provider and employee staffing and recruitment;
- Oversee quality improvement and compliance programs and receive regular updates on progress; and
- Direct other areas relevant to accreditation and licensing of SEARHC facilities and programs.

Members of the AGB include the following individuals.

- | | |
|-----------------------------------|-----------------------------------------|
| ■ Kimberley Strong, Chair | ■ Judean Gordon, Member-at-Large |
| ■ Harriet Brouillette, Vice-Chair | ■ James Jack, Sr., Member-at-Large |
| ■ Harriet Silva, Treasurer | ■ Mark Walker, Southern Region Director |
| ■ Lavina Brock, Secretary | ■ Dr. Marna Schwartz, Chief of Staff |
| ■ June Durgan, Member-at-Large | |

Executive Leadership Team

SEARHC's Executive Leadership Team is responsible for administration and setting the tone for the Consortium's culture. (See Appendix A for background on each member.) The Executive Leadership Team includes:



Charles Clement
*President &
Chief Executive Officer*



**Leatha
Merculieff**
*Vice President
Executive
Administration*



**Dan
Neumeister**
*Executive Senior
Vice President*



**Dan
Harris**
*Vice President
Chief Financial
Officer*



**Michael
Douglas**
*Vice President
& General
Counsel*



**Alexa
Koontz**
*Vice President
Chief Human
Resources
Officer*



**Chris
Wolf**
*Vice President/
Chief Operating
Officer*



**David
Vastola, MD**
*MEH Medical
Director*

Employees and Providers

SEARHC is the largest employer in Southeast Alaska and believes its greatest asset are the 1,070 employees, 495 of whom are based in Sitka. Employees joining SEARHC participate in a comprehensive orientation and are provided training to ensure they have the tools they need to deliver quality patient care. To encourage open-mindedness and increase trust between employees and patients, SEARHC is implementing an enhanced cultural training initiative throughout the Consortium.

Our healthcare providers represent a wide range of specialties, including dental, optometry, physical and behavioral health and health promotion services, to address the healthcare needs of SEARHC's patients and communities. As seen in the table below, 37 percent of the Consortium's physicians and advanced practice clinicians (APC) practice in Sitka.

SEARHC Providers and Advanced Practice Clinicians in Sitka			
	Specialty	In Sitka	SEARHC Total
	Family Medicine	7	24
	General Surgeon	2	2
	Hospitalist	4	4
	OB/GYN	1	1
	Pediatrician	2	3
	Radiologist	1	1
	ENT	2	2
	Orthopedic	1	1
	Internal Medicine/Pediatrician	0	1
	Psychiatrist	2	3
Advanced Practice Clinicians	Nurse Practitioner	10	26
	Physician Assistant		
	Optometrist	1	4
	Dentist	5	25
	Orthodontist	1	2
	Oral Surgeon	1	1
	Dental Hygienist	2	8
	Dental Therapist	1	4
	Community Health Practitioner	0	4
	Number of Providers	43	116

Provider Recruitment and Continuing Medical Education (CME)

SEARHC places a high priority on recruiting the right providers and retaining them to ensure patients experience continuous service from known providers. SEARHC employs a variety of strategies to recruit primary care providers, including working with recruiting experts such as Tim Donohue, Wilderness, Delta Physicians, Jackson Physicians and Fidelis. SEARHC also has strong relationships with residency programs at the University of Washington in Seattle, Swedish Cherry Hill Campus/Swedish Medical Center Seattle, the University of Arizona, Tucson, Providence Alaska Rural Residency and others. SEARHC attends numerous physician conferences and has one recruiter assigned full time to partner with primary care on provider recruitment activities.

With respect to recruiting dental staff, SEARHC's recruitment efforts primarily focus on the Consortium's onsite dental residency program, which is the Advanced Education in General Dentistry Program, affiliated with New York University Langone Dental. Through the University, SEARHC is authorized up to five residents. In recruiting residents, SEARHC typically visits two to three dental schools a year to promote the Consortium's program. Specialists are mainly recruited through friends, acquaintances and former professors of the existing dental staff.

SEARHC's continuing medical education (CME) funding policy offers \$4,000 and up to 10 paid days annually for MDs and DOs. Additionally, SEARHC offers \$2,000 and up to 10 paid days annually for physician assistants and nurse practitioners to maintain, develop and increase their knowledge, skills and professional performance in providing care to patients.

Provider Retention and Satisfaction

Retaining providers is critical to SEARHC and its patients; consequently, SEARHC surveys providers every two years to ensure their ongoing engagement. Comments from the most recent provider engagement survey emphasized providers' relationships with SEARHC in the following comments:

- *This organization does not pressure providers to discharge/transfer patients earlier than is reasonable.*
- *I feel empowered to make medical decisions when treating patients at this organization.*
- *If I knew of a patient care error or near miss, I would feel comfortable reporting it.*
- *I value the relationship I have with the person to whom I report.*
- *The direction of this organization makes me excited about its future.*

In addition, the Consortium implemented a five-year provider retention program last year with varying payout levels to reward and encourage long-term provider commitments.

Medical Staff Governance

As a Joint Commission accredited healthcare facility, SEARHC has a medical staff self-governance model, whose structure is identified in the Medical Staff Bylaws and Rules and Regulations. Officers of the medical staff are elected every two years to provide medical staff leadership and maintain the Medical Executive Committee.

SEARHC medical facilities are governed by the AGB. The medical staff is represented by and communicates with the AGB through the Chief of Staff, who is an ex-officio member of the AGB. The Chief of Staff participates in the activities of the AGB and provides guidance to the Joint Conference Committee.

The medical staff is comprised of active, associate, allied and courtesy staff. Membership on the medical staff is a privilege that is extended to those SCH providers who meet the qualifications, standards and requirements set forth in SEARHC Medical Staff Bylaws. Appointments, reappointments and revocation of appointments to the medical staff and granting of clinical privileges are made by the AGB upon the recommendation of the Medical Executive Committee. The term of appointment or reappointment is a maximum of two years, and medical members only are assigned clinical duties for which the staff member holds privileges.

The associate staff includes dentists and optometrists. The allied staff includes licensed independent practitioners who are employed by SEARHC, including physician assistants, advanced nurse practitioners, certified registered nurse anesthetists and other licensed independent practitioners as designated by SEARHC who are allowed by law to practice without direct physician supervision. Appointment to the courtesy staff is limited to physicians, dentists and licensed independent practitioners who conduct their practices primarily outside of SEARHC, consult at SEARHC, provide periodic clinics at SEARHC or who otherwise practice at SEARHC on a temporary or periodic basis, including locum tenens and telemedicine providers.

Dedication to Quality, Safety and Innovation

In 28 communities throughout Southeast Alaska, SEARHC is dedicated to monitoring, improving and enhancing the patient experience and outcomes to improve the health and lives of all residents. This is reinforced by the delivery of excellent care in conjunction with access to state-of-the-art equipment. All SEARHC facilities are accredited by The Joint Commission and, in 2016, SEARHC received the Commission's "Gold Seal."

SEARHC's 2018-2020 strategic plan highlights the importance of providing high-quality patient care and includes goals for patient satisfaction and patient outcomes with the fundamental drivers of access, environment, coordination and services.

In 2016, MEH was one of four hospitals to earn the Quality Achievement Award given by Mountain-Pacific Quality Health and is one of 10 hospitals to receive the Chasing Zero Award for the quality of its Infection Prevention and Control Program. MEH also received a near perfect score from the 2017 College of American Pathologists Laboratory inspection.



As part of its commitment to the health of patients, SEARHC's primary care teams embrace the clinical quality measures defined by the Government Performance and Results Act (GPRA) with performance data collected monthly through the Cerner EHR and reported to SEARHC clinical teams and leaders, executive team and Board. In 2016, SEARHC met or exceeded 17 out of 19 of these measures. Notably, SEARHC's scores for most of the quality measures surpassed the overall results for the state of Alaska. The scores reflect diverse measures including but not limited to good glycemic control; good blood pressure control; nephropathy assessment; general dental access; influence among children and adults; vaccinations and immunizations and cancer screenings; and many more.

In the last several years, SEARHC received a perfect score from the Health Resources and Services Administration demonstrating that SEARHC goes above the survey requirements and demonstrates a true commitment to providing the highest quality of care.

In June 2018, MEH also will participate in a survey as the final step to becoming one of two certified, baby-friendly hospitals in Alaska that has implemented rigorous standards for baby care and infant feeding to ensure the best possible outcomes for mothers and children.

With respect to safety, SEARHC is keenly focused on implementing a comprehensive systems approach to maximizing patient safety as stated in the Consortium's strategic plan. Activities to accomplish this goal include organizational-wide training on the evidence-based TEAM Steps model to maximize teamwork and communication skills in the inpatient and outpatient patient care settings, along with broad training in Root Cause Analysis, to ensure patient safety is enhanced, and risk reduced. The goal is to employ best-practice tools related to unsafe conditions, near misses and adverse events.



SEARHC uses several tools and methodologies to ensure patient quality and safety, including Core Measures, GPRA and Uniform Data System Reports, National Patient Safety Goals, Q-Statim (Incident) Reports and Patient Satisfaction Scores. SEARHC also participates in the “Hospital Improvement and Innovation Network,” a multi-year patient safety and quality initiative taking place in Washington and Alaska. Another example of a safety system is the Hugs Wi-Fi Infant Protection solution at MEH, which along with the matching mother/infant component of the Hugs system, Kisses® Mother, adds as an additional layer of security in MEH’s Labor and Delivery Department. The Hugs technology is a comprehensive infant security system that protects newborns against the risk of abduction, not only in the Labor and Delivery Department, but anywhere in the hospital covered by Wi-Fi. The Kisses® component of the Hugs system automatically matches newborn babies to their mothers to further augment security for each infant.

Providing State-of-the-Art Technology and Services – Recognizing the importance of keeping up with demand while providing top-notch services, SEARHC’s capital investments during the last three years have totaled more than \$30 million. This includes investments in equipment such as an MRI, 128-slice CT Scanner and a 3-D mammography machine at MEH, which brings the best breast cancer screening to families in Sitka. SEARHC also invested in the Cerner medical record platform, which brings patients’ complete and current health information into one location allowing SEARHC’s providers to better prepare for patient interactions and be proactive in delivering services. SEARHC is in the process of implementing a secure portal feature to the electronic health record Cerner platform for patients to safely access their own medical results and provider recommendations. The HIPAA-compliant portal, MyHealth, will provide patients access to limited sections of their health records, request medication refills and contact their healthcare team.

Leading in Telemedicine Services – Clinics in some of Southeast Alaska’s smallest communities use state-of-the-art video technology and secure software to connect patients with providers in Sitka, Juneau or Anchorage. This technology allows SEARHC providers to conduct office visits that previously required travel for the patient or provider. Patients in remote areas consult by video conferencing with a provider, including psychiatrists, clinical psychologists or behavioral health clinicians, based in Sitka or Juneau. Dietitians in Juneau and Sitka also provide tele-nutrition services to patients in remote communities

Providing Behavioral Health Services – SEARHC offers a wide range of behavioral health services, including a full-service, nationally accredited behavioral healthcare program in Sitka. The program includes youth residential substance abuse treatment programs as well as intensive outpatient services for adults. One example is SEARHC’s Raven’s Way, a residential matrix model program with a wilderness expedition component for young people ages 13 through 18. The program has earned national recognition as a successful model for treating hundreds of adolescents with substance abuse problems. Another example is Alaska Crossings, a therapeutic behavioral health skills-development program for youth ages 12 to 18. The expeditionary program is designed to increase participants’ social functionality and help them build and master real-world life skills.

Providing Dental Services – SEARHC offers comprehensive dental services in clinics located in Sitka, Haines, Juneau, Klawock and Wrangell. SEARHC also opened new clinics in Hoonah and expanded the Children’s Dental Clinic in Juneau, which is staffed by board-certified pediatric dentists and outfitted with the latest in pediatric dental technology. SEARHC serves outlying communities by scheduling regular dental-provider field trips as well as specialty clinics, and its community-based dental program has been instrumental in improving oral health and dental care in areas that previously had none. SEARHC’s Dental Health Aide Therapist program has extended the reach of SEARHC’s dental programs through the capacity of specially trained dental staff who can perform a variety of procedures without a dentist present, consequently, improving access to much needed services.

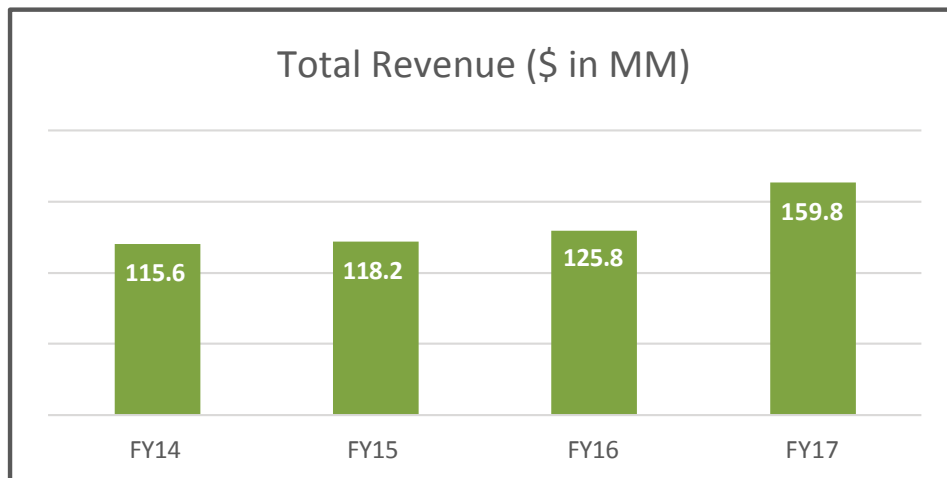
Financial Strength and Performance

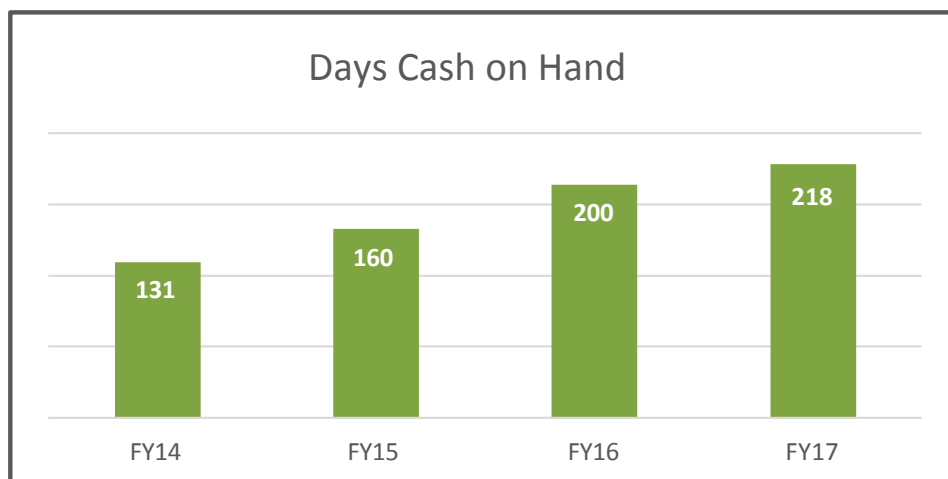
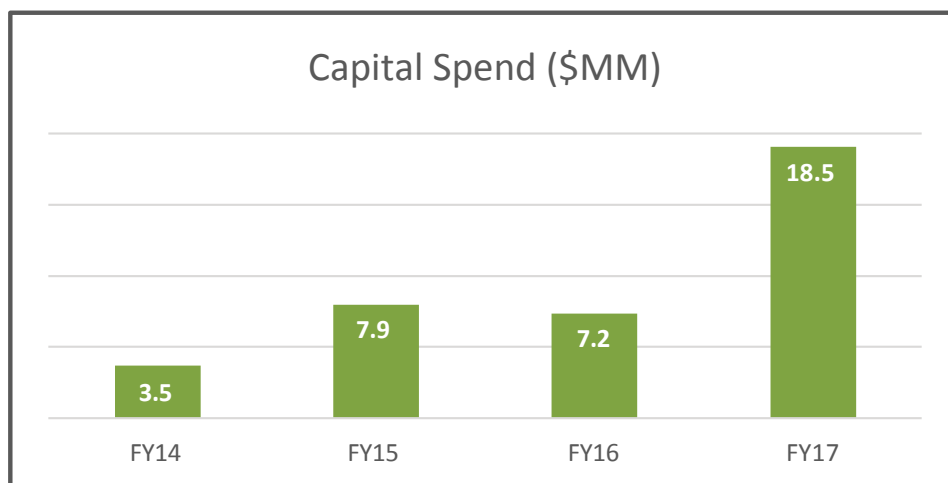
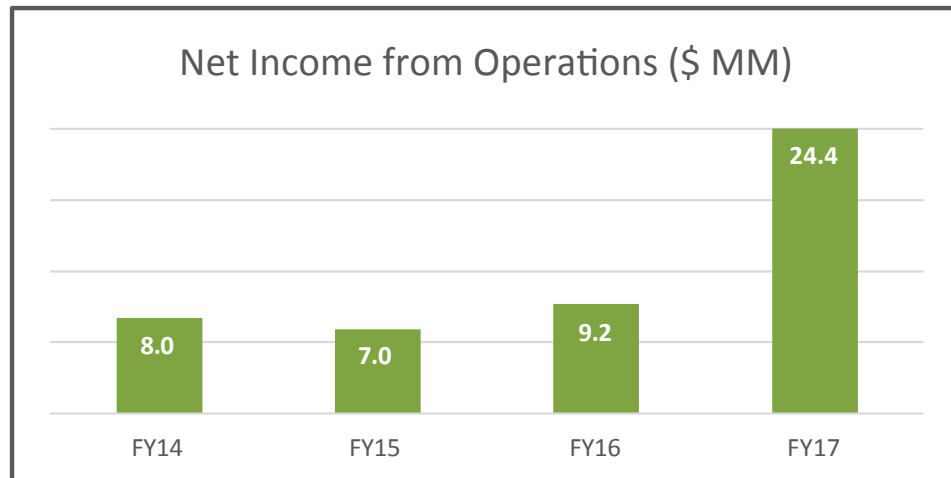
The Alaska healthcare environment continues to be volatile with further reductions in Medicaid expenditures. This, combined with increasing healthcare delivery costs, the need for new technology and capital investments, points to the importance of creating a strong financial organization. After implementing a restructuring program during the last several years, SEARHC has created a strong financial foundation.

As seen in the charts below, SEARHC's revenue growth from 2014 to 2017 increased by 38.2 percent, and SEARHC's operating margins are above industry standards. In 2017, the Consortium's operating margin was \$24.4 million. The majority of the system's revenue comes from Medicare, Medicaid and third-party payors. Additionally, SEARHC receives revenue from Indian Health Service to provide care for Alaska Natives and from large grants to support numerous programs and services.

SEARHC is committed to providing top-notch services in Sitka and recognizes the importance of expanding current services, as well as bringing in added services to the community, to keep up with the demand. In 2017, SEARHC's capital spending was \$18.5 million.

SEARHC maintains a five-year capital planning process that is executed annually, and capital requests are evaluated based on a number of criteria, including patient safety, regulatory needs, maintenance, growth, etc. Capital generally is funded through operations, with more than 200 days cash on hand and through SEARHC's growth over the last few years. Generally, SEARHC routinely targets capital spending at 1.5 to 2.0 times depreciation. If selected to partner with the CBS Assembly, SEARHC anticipates the construction of the proposed new facility in Sitka will significantly increase this level of funding, given projected growth in both current and new services.





Proposed Terms

As referenced earlier in this proposal, SEARHC has worked on several partnerships and affiliations and recognizes the sensitivities in creating a seamless operational transition while continuing to provide quality healthcare experiences for patients. SEARHC's team will draw on their experience to efficiently coordinate with SCH and the CBS to ensure success.

Proposed Financial and Property Terms

Below are three options presented by SEARHC in response to the CBS's RFP. Each option demonstrates that SEARHC is assuming **ALL** of the risk and responsibility for ongoing operations and creating funding for the CBS to address its pension obligations.

For all three options, SEARHC proposes to purchase the business, defined as employees, services and licenses, for the hospital and long-term care/skilled-nursing facility; however, **SEARHC will not purchase the property** that SCH operates. Recognizing the CBS's expertise in providing home care and long-term care services, SEARHC will work closely with the CBS in determining how best to transition and operate the SCH's home care program and long-term care facility until new facilities are completed at MEH. SEARHC will be responsible for maintaining the facility as well as the state license. All other acute care services will be located at MEH shortly after the date of consolidation.

Additionally, for each of the three options presented below, the CBS will be responsible for making the necessary pension payments, and SEARHC will not assume any pension or healthcare liabilities upon termination. However, Options 2 and 3 provide assistance in addressing the pension issue. The three options include:

OPTION 1:

SEARHC will purchase the SCH business/operations as described above with an up-front, cash payment to the CBS in the amount of \$8.3 million. In addition, SEARHC will lease the SCH real estate for \$140,000 per year for up to five years for a total of \$700,000 resulting in a total cash commitment of \$9 million. The CBS will retain all SCH balance sheet liabilities.

OPTION 2:

SEARHC will provide a yearly payment of \$700,000 for 22 years to the CBS for a total cash payment of \$15,400,000 to purchase the SCH business/operations as described above. The CBS can use this money, combined with the current subsidies of nearly \$900,000 consisting of tobacco/alcohol tax and capital support as they deem fit, which could fund the entire pension liability as actuarially estimated. This funding will end if the liability ends and will be reduced if the liability is reduced. If the pension liabilities are resolved prior to the 22 years, SEARHC will, at a minimum, contribute a net total of \$9 million minus the amount paid up to the time the liability ends. The \$9 million also will include an estimated one-time payment for termination of SCH's participation in the State of Alaska Public Employees' Retirement System Defined Benefit (PERS DB) and Defined Contribution Retirement (PERS DCR) plans as of February 1, 2018 of approximately \$646,000 (which SEARHC will pay in full) as described in CONDUENT's analysis provided to SCH.

OPTION 3:

SEARHC will make a \$9 million up-front cash payment to purchase the SCH business operations as described above. The CBS can use this money as it deems fit such as funding pension obligations.

For each of the three options above, upon completion of the acquisition, SEARHC will be responsible for the results of the income statement and balance sheet. The CBS will no longer be responsible for ongoing shortfalls, short-term loans or facility repairs. Some assets and liabilities will be left with the CBS, including the pension obligation.

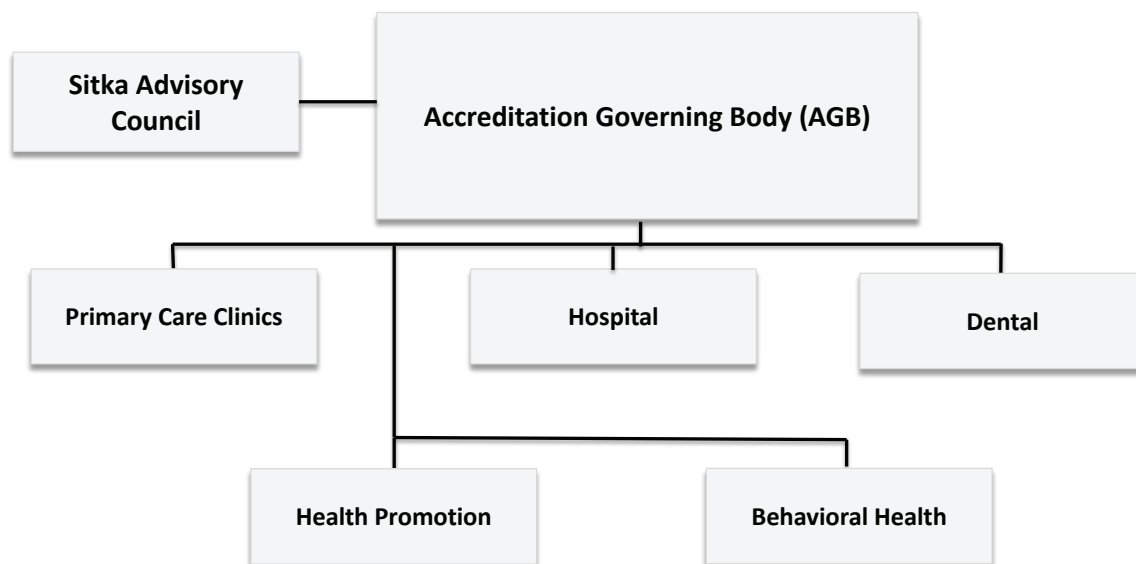
	OPTION 1	OPTION 2	OPTION 3
Cash Payment to the CBS	\$8.3 million to buy the SCH business only	\$700,000 for 22 years for a total cash payment of \$15,400,000 to buy the SCH business only	\$9 million to buy the SCH business only
Lease Payment to the CBS	\$140,000/year for up to five years	Included in above	Included in above
One-Time Payment for SCH Termination in PERS DB and PERS DCR		\$646,000	
CBS Retains Current Subsidies and Support Payments	The CBS would retain \$900,000 per year of tobacco tax revenue and capital support	Same	Same
Retained Assets and Liabilities by CBS	Cash and investments, foundation assets, accounts receivable, prepaid expenses, deferred pension outflows, any identified non-operating assets, current liabilities, long-term debt, net pension liability, obligation payments to third-party payers and other disclosed or non-disclosed liabilities	Same	Same
Total Cash Commitment	\$9 million	\$9 million (minimum)	\$9 million
Total Maximum Cash Commitment	\$9 million	\$16 million	\$9 million

Governance Terms

As shown in the chart below, SEARHC's governance will establish an Advisory Council for Sitka to provide feedback regarding services, quality and patient satisfaction and, in particular given the CBS's expertise, on home care and long-term care services. The Council's membership is expected to include three members selected by SEARHC and up to nine at-large members initially jointly appointed by SEARHC and the CBS Assembly. The Council's responsibilities will include providing:

- Feedback and information concerning the clinical and healthcare needs of the community to ensure these needs can be built into the planning process for SEARHC activities in Sitka;
- Input relative to programs and services, quality of care and quality improvement and patient satisfaction; and
- Input to ensure access to care, hiring practices and core services remain the same.

SEARHC Governance Structure



Employee and Provider Terms

SEARHC welcomes all SCH providers to join the medical staff pending meeting the requirements of the Medical Staff Bylaws. Providers who pass the necessary background checks and are in good standing with SCH will be offered similar available positions at compensation and benefit levels similar to those currently provided by SEARHC.

When hiring future job candidates, SEARHC will rely on standard employee metrics, and preference will be given to the most qualified candidates. SCH employees who pass the necessary background checks will be offered available positions of a “like” nature and compensation and benefit levels similar to those provided to current SEARHC employees in similar positions. As part of the onboarding process for employees, SEARHC will provide all new staff a full, two-and-a-half-day, new-hire orientation for all SCH employees as well as ongoing education as needed.

Technology and Capital Expansion Terms

The leasing of the SCH facility and acquisition of all other operating assets and operations would result in SEARHC’s Cerner electronic medical record platform being extended throughout the healthcare delivery system, including the SCH facility. Transition of SCH to SEARHC’s Cerner platform will require negotiating the conversion date with the shared partners, Alaska Native Tribal Health Consortium and Cerner, once the acquisition is finalized.

With respect to capital investments and expansion, SEARHC would provide for the maintenance of the SCH facility and will assume the obligations of the facility, including capital investments in new equipment, thereby relieving the CBS of such obligations.

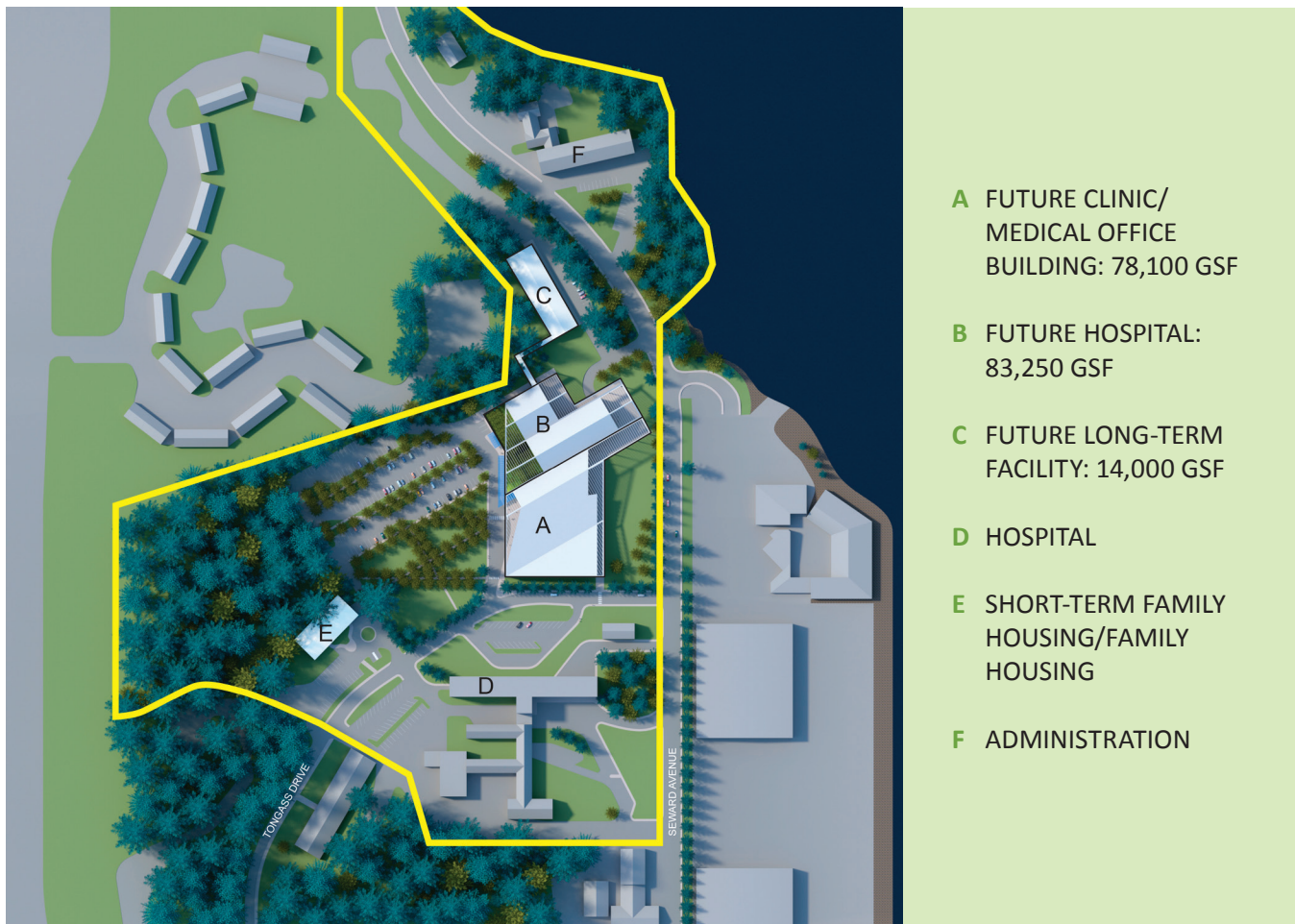
New Facility

Looking to the future, SEARHC envisions a healthcare campus as depicted below that is projected to include:

- A new 25-bed critical access hospital with four operating rooms, replacing all acute care services provided at MEH and SCH;
- A new medical office building housing primary care and specialty clinics with 50 treatment rooms as well as laboratory and radiology services; and
- A new 20-bed long-term care facility to replace the SCH facility.

Until the new campus becomes a reality, the existing MEH campus will serve as the acute care campus and will provide acute medical/surgical care, obstetric services and support services, including radiology, laboratory, respiratory therapy, etc. The existing SCH campus will become a rehabilitation center to include a long-term care as well as rehabilitative services such as physical therapy, occupational therapy and speech programs.

Upon completion of the new campus, the community and residents of Sitka will benefit from an enhanced array of services and a comprehensive continuum of care, and as referenced in Appendix D, lower electric rates for the entire community.



Conclusion

A Solid Foundation for Healthcare in Sitka

By working together toward a common vision of creating a *premier healthcare delivery system for Sitka*, we can weather the unprecedented changes in the healthcare industry and Alaska's current fiscal challenges. Through collaboration, we can provide enhanced, quality and sustainable services to the community of Sitka.

SEARHC's proposal emphasizes the following important benefits to the community of Sitka and the CBS Assembly:

- Assumption of **all** risk and financial responsibility for healthcare services and the creation of funding for pension liability;
- Long-term financial viability given the financial strength of SEARHC;
- Capital for a sustainable, integrated modern campus;
- Increased scope and expansion of services provided in Sitka and strategic initiatives to create a continuum of care in the service area to mitigate outmigration to surrounding markets;
- Enhanced quality and patient safety;
- Employment for SCH staff subject to pre-employment procedures;
- Improved recruitment and retention of primary care and specialty providers; and
- Participation in governance through a local Advisory Council.

SEARHC looks forward to the opportunity to move this proposal forward and realize these benefits on behalf of the community of Sitka.

Timeline

In merging with other healthcare organizations, SEARHC's experience in working with transition teams comprised of both organizations has resulted in an extremely smooth and collaborative transition. Assuming the CBS selects SEARHC's proposal by August 28, 2018, it's anticipated that the necessary negotiations and definitive agreements to merge SCH into SEARHC can be completed by July 1, 2019. SEARHC is open to discussing an earlier date if the CBS is interested in moving more quickly.

Critical and associated timeframes for the completion of the proposed transaction are detailed below. This schedule is subject to timely receipt of all due diligence materials, final negotiations and execution of a mutually satisfactory definite agreement as well as receipt of all necessary approvals, consents, waivers and clearances from governmental and regulatory agencies and certifying authorities.

Timeline	
Sign a Letter of Intent	Within 30 days of the CBS's decision
Due Diligence	45 to 60 days upon signing the Letter of Intent
Sign a Definitive Agreement	60 to 90 days upon completing the due diligence*
Close	Within 60 days of signing a definitive agreement and subject to regulatory approvals*

Key areas of focus for the due diligence would include:

- Confirmation of financial performance by SCH;
- Confirmation of regulatory compliance;
- Environmental review;
- Human resources (detailed review of benefits – Public Employees Retirement System);
- Review of major capital and information technology needs;
- Review of physician arrangements and credentialing of physicians (as needed);
- Review of material contracts; and
- Meetings with respective constituents.

*As is customary with transactions of this nature, this proposal is subject to the final approvals of the respective governing boards of SEARHC and the CBS Assembly (see Appendix D).

Please note the following:

- The offer(s) described in this proposal will no longer be valid as of September 1, 2018.
- Incongruence exists between the information provided in the SCH audited financial statements and the monthly SCH reports provided at SCH board meetings. As a consequence of this incongruence, SEARHC's proposal is subject to completion of its examination of the business, products, assets, financial and other records of the CBS and to the negotiation and execution of definitive agreements between SEARHC and the CBS.
- SEARHC hereby acknowledges that the CBS will not be liable to SEARHC for any damages or expenses of any kind or type, unless SEARHC is the successful proposer, and even then, only to the extent set forth in the definitive agreement between the CBS and SEARHC.

APPENDICES

A, B, C, D, E & F

APPENDIX A

APPENDIX A

SEARHC LEADERSHIP TEAM EXPERTISE

President and Chief Executive Officer Charles Clement is accountable for all day-to-day aspects of SEARHC's operations. An Alaska Native of Tsimshian and Athabascan heritage, Charles came to SEARHC in 2011 after serving as Vice President of Operations/COO for Southcentral Foundation. He earned a Bachelor of Science degree in Economics and Political Science from Northern Arizona University in Flagstaff, AZ. He earned a Master of Public Administration degree from the University of Alaska Anchorage and completed an executive leadership program with the Indian Health Service.

Executive Senior Vice President Dan Neumeister has been a senior healthcare executive for more than 30 years with a record of distinguished service as both a CEO and a COO. Dan came to SEARHC in April 2013 and immediately assumed the task of assessing SEARHC's needs and restructuring its operations. He received a Bachelor of Science degree in Management from San Diego State University, San Diego, CA and a Master of Healthcare Administration degree from Trinity University in San Antonio, TX.

Chief Financial Officer Dan Harris has more than 28 years of healthcare experience and has spent 20 years at the CFO level working on hospital, system and physician group growth and acquisitions. Prior to joining SEARHC, Dan served as CFO and Vice President of Financial Operations for Providence Health & Services in Renton, WA. He earned a Bachelor of Business Administration degree from Eastern Washington University and a Master of Business degree from the University of Portland.

Vice President/Chief Operating Officer Chris Wolf has more than 33 years of progressive experience in healthcare management, operations and finance, with a strong focus on providing safe, quality care, while remaining fiscally responsible. In his most recent role as Chief Executive Officer with Alta Vista Regional Hospital, Chris successfully established several practices to include family practice, internal medicine, orthopedics, pain management, walk-in and both inpatient and outpatient rehabilitation services. He earned a Bachelor of Science degree in Biology from Fort Lewis College in Durango, CO.

Vice President/Chief Human Resources Officer Alexa Koontz has more than 22 years of experience as a human resource professional with extensive experience in employee and labor relations; organizational planning and design, compensation and benefits; performance management; training and development; and retention, recruitment and project staffing. She earned a Bachelor of Arts degree in Political Science from North Carolina State University as well as Senior Professional in Human Resources® and the Society for Human Resource Management – Senior Certified Professional.

Vice President of Executive Administration Leatha Merculieff began her tenure at SEARHC in February 2015 placing a renewed emphasis on patient satisfaction and customer service. Leatha began working in Tribal Health in 1999 at the Alaska Native Tribal Health Consortium/Alaska Native Medical Center. She received a Bachelor of Business Administration degree at the University of Alaska Anchorage and a Master of Business Administration degree from Alaska Pacific University.

General Counsel Michael Douglas joined SEARHC in November 2012 after serving six months as Interim General Counsel. In January 2015, he was promoted to Vice President, Chief Legal Officer. Michael earned a Juris Doctor degree from the University of Washington School of Law in Seattle, WA and a Bachelor of Arts degree from Fairhaven College's Law & Diversity program at Western Washington University in Bellingham, WA. He recently acquired a Master of Science degree in Health Care Delivery from Dartmouth College in Hanover, NH.

MEH Medical Director David Vastola was hired by SEARHC as a pediatrician at S'áxt' Hít MEH in 1988, and in 1994 became the medical director for SEARHC Community Health Services, where he supervised medical services at SEARHC's rural clinics. In 2012, Dr. Vastola returned to providing pediatric services at MEH in Sitka and became the MEH Medical Director in March 2015. Dr. Vastola earned a medical degree from and completed his residency at the University of Connecticut and, in 2011, received the Alaska Primary Care Association's 2011 Sockeye Award for his work on increasing access to primary health care in rural Southeast Alaska.

APPENDIX B

APPENDIX B

LETTERS OF REFERENCE FROM AFFILIATIONS OF LAST FIVE YEARS



CITY AND BOROUGH OF WRANGELL

INCORPORATED MAY 30, 2008

P.O. BOX 531 (907)-874-2381
Wrangell, AK 99929 FAX (907)-874-3952

May 9, 2018

The Honorable Mayor Matthew Hunter and Assembly Members
City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835

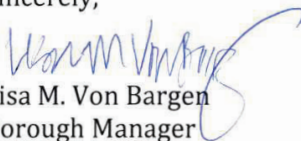
Dear Mayor Hunter and Assembly Members:

It is my privilege to write this letter of reference for SEARHC related to hospital affiliations. For the past several months the City & Borough of Wrangell and SEARHC have been working cooperatively toward a community healthcare solution. This has involved a collaborative process with the Wrangell Medical Center Board, the Borough Assembly and SEARHC. Wrangell and SEARHC are currently engaged in a transparent public process using a Stakeholder Committee of community representatives to engage in the planning. At critical stages, meetings, involving the full public, have been held and are scheduled in the future. SEARHC has been fully committed to working through the public process. A list of needs for a new hospital were developed. True to their word, SEARHC has seen that all of these priorities are being carried into the design of a new facility.

In 2016, SEARHC purchased Alaska Island Community Services (AICS), the clinic provider (and many other local health-related services). The transition has been nothing but positive with SEARHC going above and beyond in a number of ways. A local Foundation was established using a portion of AICS cash assets. That foundation helps fund critical needs like an auto-defibrillator for the Wrangell Volunteer Fire Department. Additionally, SEARHC has continued to use lab, imaging, and rehabilitation services through Wrangell Medical Center rather than providing these services as they normally would through their clinic. These are just two examples of the SEARHC commitment to Wrangell.

I encourage Sitka to consider SEARHC as a partner in developing a community-wide healthcare solution.

Sincerely,


Lisa M. Von Barga
Borough Manager



Alaska Island Community Services
P.O. Box 1231, Wrangell, AK 99929
Ph: 907-874-2373; Fax: 907-874-2576
www.akics.org

April 12, 2018

The Honorable Mayor Matthew Hunter and Assembly Members
City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835

Dear Mayor Hunter and Assembly Members,

As a former Board Member for Alaska Island Community Services (AICS), now a division of SouthEast Alaska Regional Health Consortium (SEARHC), I am writing to extend my full support of SEARHC's proposal to acquire the operations and operating assets of Sitka Community Hospital (SCH) with the intent of developing an integrated delivery system for the community of Sitka.

Prior to integrating with SEARHC, AICS was the only provider in a number of the communities we served; however, our ability to provide long-term, viable services was threatened by declining reimbursements and increasing regulations. Similar to what Sitka currently is facing, the challenging state budget environment and marketplace, coupled with the costs to provide the level of services our communities needed, were the catalyst for action. In April 2017, we successfully merged with SEARHC, which afforded the opportunity to build economies of scale and sustainable services.

The integration with SEARHC has been extremely smooth, with multiple transition teams of key leaders from both AICS and SEARHC examining the organizations' business methods and details to determine the best ways to proceed. The collaboration and transparency during the transition have been excellent, with employee updates about the merger continually provided along the way. I am confident SEARHC will employ the same practices if the decision is to integrate SCH with SEARHC. I am pleased to share that the response from our community members about the merger transition and the enhanced services has also been very positive.

The best interests of our patients were at the forefront of our decisions and served as the rudder that guided us to integrate with SEARHC. In doing so, we knew the patients and residents of our communities could rely on the availability of quality, enhanced healthcare services. I am confident you will do the same for the Sitka residents and community!

Sincerely,

Former Board Member
Alaska Island Community Services

April 12, 2018

The Honorable Mayor Matthew Hunter and Assembly Members
City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835

Dear Mayor Hunter and Assembly Members,

As a former Board Member for Lynn Canal Counseling Services (LCCS), now a division of SouthEast Alaska Regional Health Consortium (SEARHC) Behavioral Health, I am writing to extend my full support of SEARHC's proposal to acquire the operations and operating assets of Sitka Community Hospital (SCH) with the intent of developing an integrated delivery system for the community of Sitka.

Prior to integrating with SEARHC, LCCS was the main provider of comprehensive community behavioral health services in Haines and Skagway; however, our ability to provide long-term, viable services was threatened by declining reimbursements, diminishing grant funding, and increasing regulations. In order to address these challenges, we reached out to SEARHC to discuss opportunities for collaboration. It quickly became clear that we could leverage SEARHC's economies of scale and benefit from increased administrative and operational efficiencies to ensure the continuation of comprehensive, high quality behavioral health services in our community. In October 2015, we successfully merged with SEARHC.

We appreciated SEARHC's collaborative, transparent approach to bringing our two organizations together. We formed a transition team of key staff from both entities, who came together to review service and business practices and determine the best way forward. Regular updates were provided to the staff and the community. The open communication was a key element to our smooth integration and the merger's success. I am confident SEARHC will approach this process in the same way if the decision is to integrate SCH with SEARHC.

The best interests of our patients and our community were the two key drivers in our decision to merge with SEARHC, and those interests were upheld and maintained by SEARHC as we planned and completed the merger. In this way, we knew the patients and residents of our communities could rely on the long-term availability of quality, enhanced behavioral health services. I am pleased to share that the response from our community members about the merger transition and the enhanced services has also been very positive, and am confident that Sitka will experience the same result.

Sincerely,



Former Board Member
Lynn Canal Counseling Services

APPENDIX C

APPENDIX C

Statement of SEARHC Audited Financials

Summary of SEARHC Reported Audited Financials for FY15, FY16 and FY17

SouthEast Alaska Regional Health Consortium's (SEARHC) year-end financial audits were performed by Elgee Rehfeld Mertz, LLC. These included audited accompanying financial statements of SEARHC, a nonprofit corporation, which comprise the statement of financial position as of September 30 for each fiscal year and the related statements of activities, functional expenses and cash flows as well as notes to the financial statements.

In the opinion of the auditors, the financial statements presented fairly, in all material respects, the financial position of SEARHC for all three fiscal years and the changes in net assets and cash flow in accordance with accounting principles generally accepted in the United States. In this three-year period, no material audit findings or recommendations were made. Also, over the three-year period, SEARHC showed improvement each year in operating income and net income.

Net assets for the three-year period grew from \$97.9M to \$152.7M. Cash and cash flow also have increased each year, and at the end of FY17, SEARHC had 218 days cash on hand. During this time, total property, plant and equipment, investments in the communities we serve, grew by \$36.6M.

SEARHC has attained solid financial performance which allows for growth and investments. The structure and rigor of SEARHC's leadership team and planning process have been the basis for a sustainable financial future.

APPENDIX D

APPENDIX D

NECESSARY REGULATORY, CORPORATE OR OTHER APPROVALS REQUIRED TO CONSUMMATE PROPOSAL

SouthEast Alaska Regional Health Consortium (SEARHC) is a tribal organization established to provide healthcare services in Southeast Alaska by resolution of the governing bodies of 15 federally-recognized tribes; and is a not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State of Alaska. SEARHC has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted.

SEARHC is governed by a Board of Directors, which is charged to manage, control and direct the affairs and property of the corporation. SEARHC's Board of Directors has all requisite power, authority and legal capacity to take all corporate action necessary to validly negotiate, execute and deliver any definitive agreements contemplated by SEARHC and the CBS in connection with the consummation of SEARHC's Proposal.

SEARHC's Board of Directors meets regularly on a quarterly basis. Further, SEARHC's Board of Directors may meet by special meeting on three (3) days' notice on the call of the President, the Chair or upon request of any three (3) directors. As such, SEARHC has the ability to secure the corporate approvals necessary to consummate the Proposal in a timely manner.

Except as stated in this section, SEARHC is not required to obtain any further consent, approval or authorization from any person or governmental body in connection with the delivery or consummation of this Proposal. There are no federal or state limitations that might prohibit SEARHC from entering into an agreement with the CBS.



Charles Clement, President & Chief Executive Officer

APPENDIX E

APPENDIX E

CITY AND BOROUGH OF SITKA ELECTRIC DEPARTMENT LETTER



City and Borough of Sitka

OUR ELECTRIC DEPARTMENT MISSION:
"Provide clean renewable power, safely and reliably, at the lowest long term cost."

Electric Department
105 Jarvis Street
Sitka, Alaska 99835
(907) 747-1870, FAX (907) 747-3208
 Bryan Bertacchi, Utility Director

April 26, 2018

Dan Neumeister
 Senior Executive VP
 Southeast Alaska Regional Health Consortium
 3100 Channel Drive, Suite 300, Juneau, AK 99801

Dan,

The Sitka Electric Department has begun a detailed review of the potential electric load identified in the Draft Facility Master Plan of the proposed new SEARHC hospital. In our preliminary review we have identified that the load may range from 22–45 million kwhrs/year. As the Sitka Electric Utility is community owned and not for profit, this will provide a significant benefit to the community as well as to SEARHC by lowering electric rates for everyone in our community. Specifically, the new SEARHC hospital could lower electric rates in the range of 15 to 30% for the entire community. These savings would go to everyone in the community including making all of our businesses more competitive: fish processing, education, home owners, retail business, and boat owners would benefit from this increase in electric load from the new SEARHC hospital.

In addition, as we discussed, Japonski Island has significant need for the replacement of infrastructure. Much of the existing infrastructure is dated from the 1940's. This new SEARHC hospital would likely lead to the installation of a new high voltage (69kv) substation on Japonski Island. This substation would provide considerable benefit to SEARHC and other parties trying to expand on the island such as the USCG, Airport and others. This would result in even greater benefit to the community by helping us expand to serve even more load. This process will lead to our joint efforts in identifying federal, state or other grant opportunities to fund that new high voltage substation which will serve many in the community.

Again, since the completion of the dam expansion, our community owned Electric Department has a significant amount of clean and renewable hydro generation and we welcome the interest by SEARHC in locating here in Sitka. The Electric Department will be available to help in any way we can.

Sincerely,



Bryan J. Bertacchi
 Electric Utility Director

APPENDIX F

APPENDIX F

CORRELATING ELEMENTS OF RFP WITH PROPOSAL CONTENTS

REFERENCE GUIDE	
ELEMENTS OF SITKA REQUEST FOR PROPOSAL	LOCATION OF CORRESPONDING CONTENT IN SEARHC'S PROPOSAL
1. The identity of the proposer (legal name, address, contacts, telephone numbers, emails).	Cover Page and Cover Memo
2. A description of the nature and structure of the proposed purchase, lease, partnership, management, or affiliation including:	
a. Proposed property (CBS owns the underlying real property of the main hospital) and financial terms	Cover Letter Executive Summary – pages 1 - 3 Proposed Terms – Proposed Financial and Property Terms – pages 21 - 22
b. A description of the proposer's mission, vision, and values	Overview of SEARHC: About SEARHC – page 8
c. Proposer's history with and reputation among physicians, consumers, and third-party payers	History: About SEARHC – page 8 Ensuring Patient Satisfaction – page 9 Third-party payers – page 9 Employees and Providers – pages 14 - 15 Provider Retention and Satisfaction – page 15
d. Proposed organization of board, administration, and medical staff	Cover Letter Executive Summary – pages 1 - 3 SEARHC's Governance – page 12 Executive Leadership Team – page 13 and Appendix A Medical Staff Governance – page 16 Governance Terms – page 23 Employee and Provider Terms – page 24
e. Experience with and proposed strategies for improving patient experience and outcomes	Expanded Services and Improved Patient Experience and Technology – pages 5 - 6 Ensuring Patient Satisfaction – page 9 Developing Sustainable Services through Affiliation – page 10 Dedication to Quality, Safety and Innovation – pages 17 - 18
f. Affiliation process and timeline	Proposed Terms – pages 21 - 27

REFERENCE GUIDE	
ELEMENTS OF SITKA REQUEST FOR PROPOSAL	LOCATION OF CORRESPONDING CONTENT IN SEARHC'S PROPOSAL
3. A description of the financial strength of the proposer including:	Financial Strength and Performance – pages 19 - 20 Appendix C
a. Ability and willingness to provide consideration in the form of cash and/or assumed liabilities	Proposed Financial and Property Terms – pages 21 - 22
b. Ability and willingness to operate SCH at its current or an increased level of service	Expanded Services and Improved Patient Experience and Technology – page 5 New Healthcare Campus – page 7
c. Ability and willingness to fund routine as well as strategic capital expenditure requirements, including capital to fund construction in progress, if any, and implementation of any capital improvement plan	Cover Letter Executive Summary – pages 1 - 3 Dedication to Quality, Safety and Innovation - Providing State-of-the-Art Technology and Services – page 18 Financial Strength and Performance – pages 19 - 20 Proposed Financial and Property Terms – pages 21 - 22 Technology and Capital Expansion Terms – page 24
d. Statement of SEARHC Audited Financials	Appendix C
4. Proposer's position with respect to the following issues:	
a. Access to Capital/Strategic Plan:	
i. If CBS retains an interest in SCH, it intends to increase the quality and scope of medical services available to area residents, and to support future capital projects (for maintenance and/or improvements), as appropriate. Proposer should be willing to participate in future projects and initiatives.	Executive Summary – pages 1 - 3 Expanded Services and Improved Patient Experience and Technology – page 5 New Healthcare Campus – page 7 Financial Strength and Performance – pages 19 - 20 Proposed Financial and Property Terms – pages 21 - 22 New Facility – pages 24 - 25
ii. Proposer should describe its approach to capital funding.	Financial Strength and Performance – pages 19-20 Technology and Capital Expansion Terms – page 24
b. Physician/APC Recruitment and Retention:	
i. Medical staff support and development is a critical component of the Assembly's vision for the future of medical services in the community. Proposer should describe its strategies for medical staff and other Advanced Practice Clinicians (APCs) developments and commit to investing the appropriate resources (capital and professional assistance) to achieve clinical objectives. Ideally, the successful proposer will have an established record of success in the use of various strategies and means of support for both existing and new physician practices.	Expanded Services and Improved Patient Experience and Technology – page 5 - 6 Provider Recruitment and Continuing Medical Education – pages 15 Provider Retention and Satisfaction – page 15 Medical Staff Governance – page 16

REFERENCE GUIDE	
ELEMENTS OF SITKA REQUEST FOR PROPOSAL	LOCATION OF CORRESPONDING CONTENT IN SEARHC'S PROPOSAL
c. Foundation and Community Benefit:	
i. Commitment from the proposer that existing and future donor contributions remain with the existing, local Foundation for local health care use.	Community Health Management and Benefit – page 6 Delivering Community Services and Benefits – page 11
ii. Commitment to community benefit programs. Please provide evidence of your community benefit programs and expenditures, along with an explanation of the scope of such programs.	Delivering Community Services and Benefits – pages 12 - 13 Community Health Management and Benefit – pages 7 - 8
d. Governance of the Hospital:	
i. Proposer should describe the breakdown of its proposed board structure and membership at both the local and system levels, as applicable, describe what representation community residents would receive at each, and the minimum time period for such representation; including the role of CBS, if any, in meaningful participation in the governance of SCH.	SEARHC's Governance – page 12 Governance Terms – page 23
ii. Describe existing governance accountability with hospitals within your system.	SEARHC's Governance – page 12 Medical Staff Governance – page 16
e. Continuing Employment to Existing Employees:	
i. Proposer should describe its plans and intentions regarding the continued employment of the SCH's existing employees, including management.	Cover Letter Executive Summary – page 1 - 3 Collaboration with Shared Values and Goals – page 4 Employee and Provider Terms – page 24
ii. Proposer should describe its plans and intentions with regard to onboarding, outplacement, and pension issues, as applicable.	Proposed Financial and Property Terms – pages 21 - 22 Employee and Provider Terms – page 24
f. Description of the SCH's Potential "Fit" in Proposer's System:	
i. Proposer should describe what current services and facilities, if any, it has in SCH's geographic area, or other similar rural areas, or in other similar CAH systems.	Overview of SEARHC – About SEARHC; Ensuring Patient Satisfaction; Developing Sustainable Services Through Affiliation; and Delivering Community Services and Benefits – pages 8 - 11
ii. Proposer should describe how SCH will fit with the proposer's other facilities, physicians, and programs, with an emphasis on coordination of care and transfer capabilities.	Executive Summary – pages 1 - 3 Collaboration with Shared Values and Goals – page 4 Expanded Services and Improved Patient Experience and Technology – pages 5 - 6 Proposed Terms – 21 - 25

REFERENCE GUIDE	
ELEMENTS OF SITKA REQUEST FOR PROPOSAL	LOCATION OF CORRESPONDING CONTENT IN SEARHC'S PROPOSAL
g. Service Complement/ Growth Strategies:	
i. If proposal is for other than a purchase, Proposer will commit to maintain the existing scope of services (except obstetrics), 24-7 surgery and emergency care, for a period of two (2) years.	Executive Summary – pages 1 - 3 Expanded Services and Improved Patient Experience and Technology – page 5
ii. If proposal is for a purchase, Proposer should describe which major services it would commit to maintain for a period of at least two (2) years.	Executive Summary – pages 1 - 3 Expanded Services and Improved Patient Experience and Technology – page 5
iii. Proposer should describe how it will help fund and develop growth strategies for health care services in the community.	Financial Strength and Performance – pages 19 - 20 Expanded Services and Improved Patient Experience and Technology – page 5
iv. Proposer should describe how it will improve access to, expansion of, and enhancement of health care services in the community. Proposer should describe how it might use telehealth or other means of providing or retaining more care at the local community level.	Executive Summary – pages 1 - 3 SEARHC's Value Proposition – 4 - 7 Dedication to Quality, Safety and Innovation– pages 17 - 18 Financial Strength and Performance – pages 19-20
h. Medical Staff and Referral Arrangements:	
i. Proposer should describe its plans to maintain and support the current medical staff, including local medical staff self-governance.	Expanded Services and Improved Patient Experience and Technology – page 5 - 6 Provider Recruitment and Continuing Medical Education – pages 15 Provider Retention and Satisfaction – page 15 Medical Staff Governance – page 16 Employee and Provider Terms – page 24
ii. Proposer should describe its plans to provide physician services for the Emergency Department.	Expanded Services and Improved Patient Experience and Technology – pages 5 - 6
i. Existing Affiliations:	
i. Proposer should provide a five-year history of recent affiliations, disaffiliations, and closures.	Developing Sustainable Services Through Affiliation – page 10 Proposed Terms – page 21
ii. Proposer should provide references from recent affiliates, with an emphasis on Alaska and western states.	Appendix B

REFERENCE GUIDE	
ELEMENTS OF SITKA REQUEST FOR PROPOSAL	LOCATION OF CORRESPONDING CONTENT IN SEARHC'S PROPOSAL
j. Electronic Health Record/IT Platform:	
i. Proposer should be prepared to support the implementation of an electronic health record within a reasonable period of time after the date the transaction closes.	Executive Summary – pages 1 - 3 Expanded Services and Improved Patient Experience and Technology – pages 5 - 6 Dedication to Quality, Safety and Innovation – pages 17 - 18 Technology and Capital Expansion Terms – page 24
ii. Adoption of more enhanced systems to integrate with the proposer and enhance transfer of information.	Expanded Services and Improved Patient Experience and Technology – pages 5 - 6 Dedication to Quality, Safety and Innovation – pages 17 - 18 Technology and Capital Expansion Terms, page 24
iii. Provide examples of the development of this capability in the proposer's business.	Expanded Services and Improved Patient Experience and Technology – pages 5 - 6 Dedication to Quality, Safety and Innovation – pages 17 - 18
k. Quality and Safety:	
i. Agreement to provide and support quality and safety expertise and protocols to assure that SCH is exceeding quality and safety standards.	Executive Summary – pages 1 - 3 Expanded Services and Improved Patient Experience and Technology – page 5 - 6 Ensuring Patient Satisfaction – page 9 Dedication to Quality, Safety and Innovation – page 17 - 18 Conclusion – page 26
ii. Provide examples of a track record with automated and /or electronic technologies that enhance quality and safety.	Executive Summary – pages 1 - 3 Expanded Services and Improved Patient Experience and Technology – pages 5 - 6 Dedication to Quality, Safety and Innovation and Providing - State-of-the-Art-Technology and Services; Leading in Telemedicine Services – pages 17 - 18 Leading in Telemedicine Services – page 19
iii. Provide examples of ability to improve clinical outcomes/services, as well as providing clinical and administrative support, either locally or regional, to assure standards of excellence.	Expanded Services and Improved Patient Experience and Technology – pages 5 - 6 Developing Sustainable Services Through Affiliation – page 10 Dedicated to Quality, Safety and Innovation – pages 17 - 18 Appendix B

REFERENCE GUIDE	
ELEMENTS OF SITKA REQUEST FOR PROPOSAL	LOCATION OF CORRESPONDING CONTENT IN SEARHC'S PROPOSAL
I. Mitigation of Financial Risks:	
i. CBS is currently responsible for negative financial impacts of SCH. Proposer should describe its willingness to remove or mitigate those impacts.	Cover Letter Executive Summary – pages 1 - 3 Value Proposition – pages 4 - 7 Proposed Terms – pages 21 - 25 Conclusion – page 26
ii. CBS currently has significant financial risks for unfunded liabilities with the State of Alaska Public Employees Retirement System ("PERS"). Proposer should describe its willingness to remove or mitigate those risks.	Cover Letter Executive Summary – pages 1 - 3 Proposed Terms – pages 21 - 25 Conclusion – page 26
5. A list of any necessary regulatory, corporate, or other approvals required to consummate your proposal, along with a statement indicating your ability to secure such approvals in a timely manner. Describe any federal or state limitations that might prohibit you from entering into an agreement with CBS.	Appendix D
6. Your acknowledgement that CBS will not be liable to you for any damages or expenses of any kind or type, unless you are the successful proposer, and even then only to the extent set forth in the definitive agreement between CBS and the successful proposer.	Conclusion – page 27