

North Bay Business Journal

October 5, 2016

St. Joseph Health, Petaluma Health Care District end hospital negotiations

The Petaluma Health Care District and St. Joseph Health have officially ended negotiations on the future lease and operations of Petaluma Valley Hospital.

St. Joseph Health has run the hospital since 1997.

Multiple factors influenced the decision, including the inability to reach a workable agreement, according to an announcement Oct. 5 by Ramona Faith, CEO, Petaluma Health Care District, and Todd Salnas, president, St. Joseph Health—Sonoma County. Both will now concentrate on on a transition plan, expected to take several months. St. Joseph Health agreed to stay at the helm until Sept. 1, 2017, or a future transition date to another operator.

No changes to services or care delivery are expected during the transition period.

“We have actively engaged with one another for the past year in attempt to reach a mutually acceptable new lease contract,” Faith and Salnas said in a joint statement.

Those talks became “more complicated” and reached an impasse last week, they said.

The district said it will now go back to those previously short-listed during earlier stages of the due-diligence process and others that have expressed interest. The goal is to reach an agreement with a future operator during the transition, the district said.

In October 2015, the district said it was considering proposals from St. Joseph Health, Sutter Health, Prime Healthcare Services and Strategic Global Management. In January, the list was narrowed to St. Joseph Health and Prime Healthcare Services, which were invited to submit refined proposals for lease options to operate the facility.

“The Petaluma Health Care District is a steadfast, dedicated organization focused on providing a multifaceted approach to health care for this community, including serving as the community’s advocate and working in its best interests,” Faith said. “Our goal has always been, and remains, to get to an agreement that provides and protects services at Petaluma Valley Hospital. While we are disappointed that terms in our negotiations could not be reached with our current operator, SJH, we are committed to engaging a new, high quality operator for the hospital and all members of this community.”

The district and St. Joseph Health are meeting with hospital employees, physicians, community partners and the public to talk about what happens next. The district also will be reaching out to the community as it looks for a new hospital operator.

“First and foremost, we remain committed to working on behalf of our caregivers and the community we serve in Petaluma,” Salnas said. “The Petaluma community is an important part of the St. Joseph Health family, and our priority is to support and advocate for our patients, employees and physicians.”

St. Joseph Health is a nonprofit integrated Catholic health care delivery system sponsored by the St. Joseph Health Ministry and based in Irvine. St. Joseph Health runs 16 hospitals in Northern and Southern California and Texas. In the North Bay outside Petaluma, it runs Santa Rosa Memorial Hospital and Queen of the Valley Medical Center in Napa.