



REQUEST FOR QUALIFICATIONS (RFQ)
by
THE SITKA COMMUNITY HOSPITAL BOARD OF DIRECTORS
for
**MANAGEMENT AND OPERATIONS CONTRACT FOR SITKA COMMUNITY
HOSPITAL**

A. Overview

The Sitka Community Hospital Board of Directors (Board), in the interest of sound fiscal management and to ensure the continued operation of the Health Care Facilities in a professional, affordable and efficient manner, is requesting interest and or proposals for managing the operations of the Sitka Community Hospital (SCH) in Sitka, AK. As the contract with our existing CEO expires in early 2018, this process is being established to explore alternatives to the existing management structure.

SCH operates as a stand-alone rural Critical Access Hospital (CAH). SCH currently offers a full range of health care services including general medical care, OB, surgery, 24/7 emergency room, laboratory, radiology, rehabilitative services, outpatient clinic, home health, infusion therapy, visiting specialists and long term care. According to section 2.08.010 of City of Sitka General Code the SCH is a department of the City and Borough of Sitka (CBS).

B. General Project Requirements

The Board seeks to evaluate a potential multi-year term agreement for the sole and exclusive operation and management of the SCH in order to provide professional, competitive, and affordable health care for the community of Sitka. Operations and management shall be consistent with all applicable laws, regulations, and ordinances. The Respondent shall endeavor to make the hospital profitable for the City and Borough of Sitka (CBS) to reduce financial risk. Additionally, the Respondent shall endeavor to eliminate the need for additional CBS funding and provide a strategic plan for the management of the Public Employee Retirement System (PERS) liability¹ associated with the existing hospital staff. The Respondent shall propose how all the rights, duties, liabilities which shall arise out of the operation of the SCH shall be assigned.

Respondents submitting proposals should be familiar with three recent studies² related to SCH:

- The ECG Report of March 27, 2017;
- The Stroudwater report of July 6, 2017; and
- The State of Alaska July 11, 2017 report on the actuarial liability of SCH for its proportional share of previously underfunded defined benefits in the Alaska Public Employees Retirement System.

¹ The liability to the PERS program has two major components. One component is the current PERS obligations for employees of SCH from this date forward. The second component is the annual proportional SCH share of the State's unfunded pension liability for past periods of employment by current and former SCH employees, a liability which will exist until either 2040 or the full funding of the State pension liability. For FY18, the annual payment required of SCH for proportional share of the State underfunding is estimated to be close to \$1,600,000.

² Available on City of Sitka Website - [Link to Documents](#)

C. Requirements for Statement of Qualifications

Respondents submitting a Statement of Qualifications must include the following requested information arranged as indicated below. Submittals which do not address the items in this section may be considered incomplete and may be deemed non-responsive by the Review Committee.

- a. Provide a Letter of Interest signed by an authorized representative of the Respondent.
- b. Provide a narrative Statement of Qualifications of the Respondent.
- c. Provide at least three (3) client references for hospitals managed by the Respondent.
- d. Experience – The Respondent should provide a hospital management experience list indicating other Alaska based facilities it manages, or if unavailable, other USA based health care facilities. The SCH board is especially interested in the Respondents experience with small rural hospital management.
- e. Financials of the Respondent – The Respondent should provide detailed financials in support of its ability to operate a hospital or hospital system of this magnitude.
- f. Financials of Hospitals Managed – The Respondent should provide 5 (five) years of annual financials of at least (1) or more hospitals or health facilities for which the Respondent has managed to demonstrate the financial benefit of a management contract managed by the Respondent. If unavailable due to confidentiality it should be so noted in the response by the Respondent.
- g. PERS liability special consideration: SCH is part of the Alaska Public Employees Retirement System. The State underfunded direct benefit liabilities in the past, and has now set up a mandatory plan whereby the State and its political subdivisions must pay annual payments to catch up the prior underfunded liabilities. The Respondent should describe how it would manage SCH operations so as to generate sufficient net revenues to meet SCH's current operational needs, SCH's current and future capital needs, and SCH's obligation to make these annual payments.
- h. Electronic Health Records System (HER) – The SCH is in need of new EHR system based on an industry accepted standard such as EPIC or CERNER. What will the Respondent propose to meet this requirement? Can the Respondent offer any linkage with a currently functional and successful EHR system?
- i. Annual operational financial risk to the SCH - The City currently is responsible for negative financial impacts of operation of the hospital. How would the Respondent manage this risk for the City and Borough of Sitka (CBS)?

- j. Hospital Property - The CBS owns the underlying property associated with the hospital. How would the Respondent propose to structure the use of the existing facility under the management contract (and related maintenance and capital investment)?
- k. Employees – The SCH has a significant number of employees who contribute to our community. The Respondent should describe how it intends to staff or reorganize the hospital. Although the Respondent may suggest elimination or change of some positions, or outsourcing of some functions, SCH employees below a “top management tier” must all be factored in as being city employees in the Respondent’s proposal. The Respondent shall define what it would recommend as a set of positions to constitute a “top management tier,” which positions the Respondent would recommend as being employees of the Respondent.
- l. Charitable Services - The Respondent should describe how it currently handles charitable services at existing facilities it controls and how it would handle this support in the community of Sitka, given expectations of SCH as a “community hospital.”
- m. Health Care Competition and Collaboration - The Respondent should describe its recommendations for how SCH should shape its lines of services offered in order to withstand local competition while retaining the local market share of service lines for SCH necessary for financial success. The Respondent should describe in its recommendation its recommendations for ways in which SCH could profitably engage in collaboration with health care or other entities outside Sitka, including any collaborations which Respondent itself, or hospitals managed by Respondent, could offer.
- n. Community Outreach – The Respondent should provide information on how it solicits inputs from the communities that they serve with their existing health care facilities.
- o. OB Services – The Respondent should indicate whether and how other hospitals managed by Respondent have decided to provide OB services (specifically in other Alaskan or other small rural communities) and state Respondent’s recommendations for the existence of and provision of OB services at SCH.
- p. The Respondent should indicate whether and how other hospitals managed by Respondent have provided surgery services, whether 24/7 or other format (specifically in other Alaskan or other small rural communities) and state Respondent’s recommendations for the existence, scope, and provision of surgery services at SCH.
- q. Emergency Services – If the Respondent has experience with, or recommendations for how SCH should handle ER services if SCH does not maintain 24/7 surgery services, the Respondent should include description of that

experience and, in any case, the Respondent's recommendations for ER services at SCH, with or without 24/7 surgery capability.

- r. Provide a statement of a schedule of milestones leading to the active management start date.
- s. Termination – The Respondent should describe conditions of termination by either party

Responses to this Request for Qualifications will be evaluated and ranked by a Review Committee consisting of Hospital Board members, Hospital Board Liaisons, and others as directed by the SCH Board. Scoring will be based on the following criteria (100 points total):

1. Respondent's overall qualifications and experience in management contracts in Alaska (10 points)
2. Respondent's financial capability (10 points)
3. Respondent's ability to manage SCH PERS liability (15 points)
4. Respondent's ability to manage overall financial risk for SCH (10 points)
5. Respondent's ability to provide quality and affordable services in Sitka (10 points)
6. Response to the remaining items in Section C above (45 points)

Final scoring and the selection will be made after oral interviews of the top applicants and is subject to approval by the City Assembly and City Administrator. The oral interviews will be scheduled after the proposal due date.

D. Submissions and Inquiries

The SCH Board encourages disadvantaged, minority, and women-owned consultant Respondents to respond.

Submit five (5) copies of your Statement of Qualifications to:

City and Borough of Sitka, Municipal Clerk
Attn: Hospital Board Chairman
100 Lincoln Street
Sitka, Alaska 99835

Proposals will be received until **2:00 p.m. local time Tuesday, October 24, 2017.**

Any questions regarding this project should be directed to Bryan Bertacchi, Board Chairman, at <mailto:bryan.bertacchi@cityofsitka.org>, (907) 747-1870 or Connie Sipe, Board Secretary, at Csipe@cfc.org, (951) 202-9716.

Dates of Publication:

Sitka Sentinel:	10/2, 10/10
Juneau Empire:	10/2 & 10/10
Anchorage Dispatch News:	10/2 & 10/10
Seattle Daily Journal of Commerce:	10/2 & 10/10