City of Ketchikan

Community Forum on Hospital Services

June 13, 2019
# Agenda

## Community Forum on Hospital Services

<table>
<thead>
<tr>
<th>Section</th>
<th>Time</th>
<th>Presenter</th>
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<tbody>
<tr>
<td>Introduction</td>
<td>6 p.m.</td>
<td>Lacey Simpson</td>
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<tr>
<td>Meeting Objectives</td>
<td>6 to 6:05 p.m.</td>
<td>Lacey</td>
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<tr>
<td>About ECG</td>
<td>6:05 to 6:10 p.m.</td>
<td>ECG</td>
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<tr>
<td>Project Background</td>
<td>6:10 to 6:20 p.m.</td>
<td>ECG</td>
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<tr>
<td>Public Comment</td>
<td>6:20 to 8 p.m.</td>
<td>Public Participation</td>
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<tr>
<td>Adjournment</td>
<td>8 p.m.</td>
<td>Lacey</td>
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I. Introduction
II. Meeting Objectives
II. Meeting Objectives

- Meet our ECG consultants.
- Understand the goals of the engagement with ECG.
- Provide an overview of the current contract with PeaceHealth to operate Ketchikan Medical Center (KMC).
- Listen to your experiences and hear your opinions on what you want to see in your community hospital.
- Understand the impact the current contract with PeaceHealth has on the community, and identify goals for the future partnership.
III. About ECG
We are a leading national healthcare advisory firm with a history of meeting the consulting needs of providers and payers since 1973.
III. About ECG
Our Areas of Expertise and Offices

**Strategy**
Improving competitive position through high-impact initiatives

**Finance**
Applying analytic rigor and business insights to achieve strong financial performance

**Operations**
Ensuring processes and care delivery models are effective and efficient

**Technology**
Enabling technology to support an organization's strategic, operational, and financial goals

ECG Named #1 Overall Healthcare Management Consulting Firm in a 2018 Best in KLAS Report

Atlanta
Boston
San Diego
San Francisco
Chicago
Seattle
Dallas
St. Louis
Minneapolis
Washington, DC
III. About ECG
Meet Your ECG Team

Your ECG team brings **over 50 years** of combined healthcare consulting experience to this Ketchikan engagement. Our consultants have reviewed other management services contracts for **hospitals in Alaska** and possess deep functional expertise in hospital and medical group operations, affiliations, and transactions. We will provide the **coordination and expertise** necessary to ensure the successful completion of this engagement.

Kevin Kennedy

Dan Merlino

Kelly McFadden
IV. Project Background
**IV. Project Background**

**Project Objective and Key Components**

**Project Objective:** Identify Ketchikan community healthcare needs and concerns, and develop a KMC management agreement that reflects these considerations.

### Key Components

<table>
<thead>
<tr>
<th>Task</th>
<th>Key Questions to be Addressed</th>
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<tr>
<td>Review the current contract</td>
<td>What are the key terms, strengths, and weaknesses of the current contract with PeaceHealth to operate KMC?</td>
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<tr>
<td>Engage the community</td>
<td>How is healthcare delivery in Ketchikan perceived, and what are the key priorities going forward?</td>
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<td>Identify negotiation priorities</td>
<td>What are the contract negotiation priorities that reflect both the community needs and current contract gaps.</td>
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<td>Assist in negotiating a new contract</td>
<td>What is the optimal strategy for moving forward with negotiations to maximize value for the City and people of Ketchikan?</td>
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<td>If necessary, support a Request for Proposal (RFP) process</td>
<td>If a satisfactory partnership cannot be achieved with PeaceHealth, what will be in the RFP, and how will a new partner be selected?</td>
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</table>
Our approach has the potential to be four phases, but it is focused on phases one and two in the near term.

**Phase One**
- Conduct a Situational Assessment; Develop a Negotiation Strategy

**Phase Two**
- Lead PeaceHealth Contract Negotiations

**Phase Three**
- Develop an RFP; Facilitate Selection

**Phase Four**
- Support New Contract Implementation

**Within Current Scope**
- Assess the Current Arrangement
- Develop a Communication Plan
- Conduct Stakeholder Interviews

**Lead the Overall Negotiation Process**
- Develop Meeting Strategies
- Conduct Negotiations
- Prepare Supporting Analyses
- Assist Legal in Developing Definitive Documents

**Renegotiated PeaceHealth Contract or Decision to Issue RFP**

**Contingency Plan**
- Develop the RFP
- Define Evaluation Criteria
- Facilitate Selection
- Assist in Negotiating the Final Agreement

We will be working closely with a steering committee composed of community leaders to obtain input and feedback on our findings and the recommended approach.
IV. Project Background

Project Approach (continued)

We anticipate that phase one will be completed in mid-September with a report-out to the city council.

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<th>Project Component</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
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<tr>
<td>Phase One: Conduct a Situational Assessment</td>
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<tr>
<td>Phase Two: Lead PeaceHealth Contract Negotiations</td>
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<td>Phase Three: Develop an RFP, and Facilitate Selection</td>
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<td>Work Sessions/Steering Committee Meetings</td>
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The number of work sessions and steering committee meetings will be increased as needed.
For several decades, the City of Ketchikan has contracted with PeaceHealth to operate KMC.

1922
The Sisters of St. Joseph of Peace opened the Little Flower Hospital on Bawden Street in Ketchikan.

1961
The City of Ketchikan entered into a 10-year lease agreement with the Sisters of St. Joseph of Peace for the purpose of operating the Ketchikan General Hospital on Front Street.

1963
The City of Ketchikan constructed the Ketchikan General Hospital.

1981
The parties entered a new 10-year lease to continue operation of Ketchikan Hospital.

1984
The first amendment to the 1981 hospital lease agreement is made.

1993
The parties enter a land lease agreement allowing the City of Ketchikan to do construction on roadways and other utilities on land owned by the Sisters of St. Joseph of Peace.

2002
The second amendment to the 1981 hospital lease agreement is made, updating references to the health system to PeaceHealth and extending the contract until 2013.

2013
The 1981 hospital lease agreement is extended for another 10 years, expiring on October 8, 2023.
IV. Project Background
Overview of the Current Hospital Lease Agreement with PeaceHealth

The current contract establishes a landlord-tenant relationship between the City of Ketchikan and PeaceHealth, respectively, and consists of very general terms.

City of Ketchikan Responsibilities
- Make structural changes; replace plumbing, heating, and electrical systems due to reasonable wear and tear.
- Approve leasehold improvements.
- Obtain bonds for structural alterations exceeding $10,000.

PeaceHealth Responsibilities
- Establish rules, regulations, and bylaws for hospital operations.
- Maintain and operate the facility in accordance with The Joint Commission and state licensure requirements.
- Pay nominal rent.
- Pay utilities, leasehold improvements, insurance premiums, personal property taxes, and fees on improvements.
- Provide a reasonable volume of charity care.
- Pay for repairs to and maintenance of the premises.
- Provide a copy of an annual audit of hospital accounts to the City of Ketchikan.
- Establish rates and charges to render care.
## IV. Project Background
### Other Major Developments

**In recent years:**

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<tr>
<th>PeaceHealth has…</th>
<th>The City of Ketchikan has…</th>
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<tr>
<td>» Developed an employed medical group in Ketchikan (PeaceHealth Medical Group).</td>
<td>» Obtained funding for a $62 million construction project to modernize and expand KMC.</td>
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<td>» Provided on-call coverage for the hospital.</td>
<td>› Secured a bond for $43 million.</td>
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<td>» Rotated various specialists up to Ketchikan on a regular basis.</td>
<td>› Obtained $18 million in grant funding from the State of Alaska¹ and an additional $1 million from the Health Resources and Services Administration.</td>
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¹ [https://www.commerce.alaska.gov/dcra/eGrantsOnline/Home.](https://www.commerce.alaska.gov/dcra/eGrantsOnline/Home.)

» Opened a 72,000-square-foot addition in June 2016.
V. Public Comment
V. Public Comment

Ground Rules and Expectations

Public input during this process is invaluable, and we would like to hear from you.

Your feedback on the services the community would like to see delivered is important.

Share your opinion on what you would like to see in your community hospital.

Please keep your comments to no more than five minutes and be respectful of others.

Focus on providing constructive feedback and avoid disclosing the personal health information of others.

Email comments to: hospital-comments@ktn-ak.us.

Thank you for being a part of this process.
V. Public Comment
General Questions for Consideration

» What are the key healthcare challenges facing our community, and how should KMC be responding to these issues?

» How could KMC improve the healthcare experience for patients and families?

» Are there additional services that you think KMC should make available locally?

» In your opinion, how can the hospital work more collaboratively with the community to improve health outcomes for people living and working in the Ketchikan area?
### Patient Experience

- How would you describe the overall patient experience with KMC and PeaceHealth Medical Group physicians?
- How could access be improved?
- How would you describe your interactions with KMC staff?
- How would you describe your interactions with caregivers, such as nurses and physicians, at KMC?

### Clinical Services and Quality

- Are there service and quality gaps that need to be addressed?
- For business owners, what services would you like to see KMC provide to better support your employees and your business?
- If you have reservations about the care provided at KMC, what would it take for you to feel comfortable recommending the hospital and/or providers to friends and family?

### Healthcare Resources

- Does the community have enough primary care providers?
- Does KMC provide adequate access to specialty care?
- What additional healthcare resources are needed?
- What tools, resources, and technology could KMC provide to support your personal health goals?
Comment & Discussion
Thank you for participating in the community forum on hospital services.