



**Tehachapi Valley
Healthcare District**

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REQUEST FOR PROPOSAL AFFILIATION/PARTNERSHIP

**Tehachapi Valley Healthcare District
Attention: Eugene Suksi, CEO
115 West E Street
Tehachapi, CA 93561**

December 18, 2014

RE: Request for Proposal

The Tehachapi Valley Healthcare District (“The District” or “TVHD”) is distributing this request for proposal (“RFP”), and extending an invitation to interested parties to consider entering into an affiliation with the District (“Affiliation”).

Information concerning the District you may want to review in order to enable you to respond to the requirements set forth herein will be available in the attached Information Memorandum and any information that may be made available. The District reserves the right to amend any written material furnished or information orally or electronically transmitted to any potential Partner.

The evaluation procedures have been designed to facilitate an expeditious process to provide for the equitable treatment of all potential partners, and to permit the District to determine whether to proceed with an Affiliation, and, if so, with which partner. In considering proposals, the District is interested in the partner having the following characteristics: (a) a commitment to the continued provision of quality health care services to the residents of Tehachapi and surrounding communities, including a regional, integrated health delivery system; strong performance history with regard to patient experience and outcomes, and a commitment to attracting employers, employees, and clinical staff to the area; (b) a long-term commitment to TVHD medical staff and employees; (c) a strategic vision for the future of health care in the Tehachapi area; (d) experience with physician recruiting and other ways to expand and enhance the range of available services; (e) access to sufficient capital to allow the District to complete its new replacement hospital and implement the full facility program.

Please be assured that, to the fullest extent practicable, all potential partners will be accorded fair and equal treatment in the submission of proposals. At the same time, the District intends to accomplish its stated objectives in a manner which will minimize disruption to its business.

The RFP process will be in three stages. The first phase will consist of interested parties providing the information requested in the “Phase 1” section, below. The parties whose proposals most closely match the goals of the District will be invited to participate in Phase 2, which will involve the exchange of more information, site visits, and result in a more detailed proposal. Phase 3 will involve the selection of a partner and negotiations of a final written agreement.

Phase 1

The information provided during Phase 1 will include the materials contained in the Information Memorandum and any supplemental information provided by the District. Prospective partners are asked to submit their indication of interest in the form of a response to this RFP and provide twenty (20) copies of your proposal and supplemental information by February 2, 2015 at 5:00pm to: Tehachapi Valley Healthcare District, 115 West E Street, Tehachapi, CA 93561, Attention: Eugene Suksi

The written proposal should include the following:

1. The identity of the Prospective Partner:
2. A description of the nature and structure of the proposed Affiliation:

- a. Proposed property and financial terms, i.e. lease, purchase, management agreement, or other
 - b. A description of the partner's mission, vision, and values
 - c. Partner's history with and reputation among physicians, consumers, and third-party payers
 - d. Proposed organization of board, administration, and medical staff
 - e. Experience with and proposed strategies for improving patient experience and outcomes
 - f. Affiliation process and timeline.
3. A description of the financial strength of the prospective partner including:
- a. Ability to provide consideration in the form of cash and/or assumed liabilities
 - b. Ability to fund routine as well as strategic capital expenditure requirements, including capital to fund construction in progress of the new replacement hospital and implementation of the full facility program. Please provide evidence of capital expenditures in currently owned facility.
 - c. Financial Statements:
 - i. Audited financial statements for the past three years
4. The prospective Partner's position with respect to the following issues:
- a. Completion of construction, providing equipment, and operational development of the new, replacement hospital
 - i. The prospective partner should provide evidence that it has experience with successful hospital construction, and operation of critical access hospitals.
 - ii. Commitment to build, not reduce, local health care capabilities, as appropriate for the Tehachapi area.
 - iii. Provision of system support to improve and grow medical staff and enhance physician alignment.
 - b. Access to Capital/Strategic Plan:
 - i. The District's current hospital is in the process of being replaced. The District intends to expand and enhance the medical services available to area residents, and to support future capital projects, as appropriate. The prospective partner should be willing to commit to support future projects and initiatives.
 - ii. The prospective partner should describe its approach to capital funding, including the District's construction of the new hospital.
 - c. Physician Recruitment and Retention:
 - i. Medical staff support and development is a critical component of the District's plans. The prospective partner should describe its strategies for medical staff development, and commit to investing the appropriate resources (capital and professional assistance) to achieve their medical staff objectives. Ideally, the potential partner will have an established record of success in the use of various strategies and means of support for both existing and new physician practices
 - d. Guild, Foundation, and Community Benefit:
 - i. Commitment from the prospective partner that a strong relationship with the existing Hospital Guild will be maintained.
 - ii. Commitment from the prospective partner that existing and future donor contributions remain with the existing, local Foundation for local health care use.
 - iii. 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.
 - e. Governance of the Hospital:

- i. The District’ Board of Directors want to retain ongoing, meaningful participation in the governance of the District under any structure proposed by a partner. The partner should identify how this may best be accomplished under the proposed structure.
 - ii. The partner should describe the breakdown of its proposed board structure and membership at both the local and system levels, as applicable, describe what representation the District’s constituents would receive at each, and the minimum time period for such representation.
 - iii. Describe existing governance accountability with hospitals within your system.
 - f. Continuing Employment to all Existing Employees:
 - i. The partner should describe its plans and intentions regarding the continued employment of the District’s existing employees, including management.
 - ii. The prospective partner should describe its plans and intentions with regard to onboarding, outplacement, and pension issues, as applicable.
 - g. Description of the District’s Potential “Fit” in Partner’s System:
 - i. The partner should describe what current services and facilities, if any, it has in the District’s geographic area.
 - ii. The partner should describe how TVHD will fit with the partner’s other facilities, physicians, and programs, with an emphasis on coordination of care and transfer capabilities
 - iii. Partner should describe its strategies and intent for the District’s Rural Health Clinics in Tehachapi, Mojave, and California City
 - iv. Partner should describe its ideas and strategies for repurposing of the existing hospital
 - h. Service Complement/Growth Strategies:
 - i. The partner will commit to maintain all existing services for a period of at least three years.
 - ii. The partner will help fund and develop growth strategies for primary and secondary services.
 - i. Medical Staff and Referral Arrangements
 - i. The partner should describe its plans to maintain and support the current Medical Staff, including local medical staff self-governance.
 - ii. Partner should describe its plans to provide physician services for the Emergency Department and Hospitalist Programs.
 - iii. The partner shall agree not to take any actions that mandate TVHD staff physicians to refer patients to hospitals owned by the partner.
 - j. Existing Affiliations:
 - i. The prospective partner should provide a five year history of recent affiliations, disaffiliations, and closures.
 - ii. The prospective partner should provide references from recent affiliates, with an emphasis on California and western states.
 - k. Electronic Health Record/IT Platform:
 - i. The prospective partner should be prepared to develop and implement an enhanced electronic health record within a reasonable period of time after the date the Affiliation closes.
 - ii. Adoption of more enhanced systems to integrate with the partner and enhance transfer of information.
 - iii. Provide examples of the development of this capability in the partner’s business.
 - l. Quality and Safety:

- i. Agreement to provide and support quality and safety expertise and protocols to assure that TVHD is exceeding quality and safety standards.
 - ii. Provide examples of a track record with automated and/or electronic technologies that enhance quality and safety.
 - 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.
5. A list of any necessary regulatory, corporate, or other approvals required to consummate an Affiliation, along with a statement indicating your ability to secure such approvals in a timely manner
 - a. Describe any federal or state limitations that might prohibit you from entering into an arrangement with the District
6. Your acknowledgement that the District will not be liable to you for any damages or expenses of any kind or type, unless you are the successful partner, and even then only to the extent set forth in the definitive agreement between the District and the partner.

Shortly after receipt of the written proposals, the District will notify the parties as to whether or not they will be selected to participate in Phase 2. In light of the District's objectives as stated earlier, the District may limit the number of parties will be invited to participate in Phase 2.

Phase 2

Potential partners who are selected to participate in Phase 2 will be afforded the opportunity to conduct an in-depth evaluation of the District's operations, assets, and liabilities. This opportunity will be afforded by providing access to detailed business, financial, and legal information. In addition, the District will invite and arrange for prospective partners to visit the existing operations and new hospital site. These visits will include meetings with District management concerning the business operations, facilities, and construction in progress. During this phase, the District will also conduct preliminary due diligence procedures on the potential partners in order to better understand their mission, vision, values, and business operations, and will require access to appropriate information regarding potential partner.

At the conclusion of Phase 2, each potential partner will be requested to refine its proposal into a final form.

The District will be available throughout the course of Phase 2 to respond to reasonable requests for additional information. The District intends to complete Phase 2 in an expedient manner.

Phase 3

Subsequent to the receipt of refined proposals by potential partners, the District with the advice and assistance of its financial and legal advisors, will evaluate the final proposals submitted as promptly as is reasonably practicable.

The District will notify the selected potential partner and work with the potential partner to put in place a letter of intent or other form of written agreement by and between the District and the selected potential partner that details certain mutually agreed upon agreements to be developed and implemented on an interim basis by and between the District and the selected potential partner.

Subsequently, the District and the partner will work toward completion of due diligence with the objective of drafting and entering into an exclusive agreement that best satisfied the objectives of the District and the partner.

Miscellaneous

Each party responding to this RFP will bear all costs of its own investigation and evaluation, including the fees and disbursements of its own counsel and advisors.

The District's interpretation of any written material furnished, or information orally or electronically transmitted, to any party shall be final and binding on all parties. The District reserves the right, at any time, to (a) discontinue or modify the process as outline in this letter, or (b) expedite the process by entering into negotiations with any party, and/or (c) decline consideration of any part. The District will not be obligated to state any reason for actions taken in accordance with the prior sentence. Submission of materials in response to this letter shall confirm your agreement that (a) the District shall have the right, in its sole discretion, to accept or reject any proposal or offer and to terminate any discussions and negotiations at any time and for any or no reason, and (b) your releaser and waiver of any and all claims whatsoever against the District arising out of or relating to this RFP process.

Please note that as a public entity subject to both the Local Health Care District Law (California Health & Safety Code section 32000, et seq.) and the Brown Act (California Government Code section 54950, et seq.), the review of any proposal by the Board of Directors will occur in an open session meeting. Any information you consider to be a trade secret must be marked as such, otherwise it may be publicly disclosed.. Moreover, approval of a definitive agreement involving the lease or transfer of more than fifty percent of the District's assets will be subject to voter approval under the Local Health Care District Law.

If you have any questions regarding the procedures regarding the invitation as detailed in this letter, please feel free to contact District counsel at (805) 953-2332.

Under no circumstances should any officer, employee, physician, board member or affiliate of the District be contacted directly, except with prior approval of the District Chief Executive Officer or legal counsel.

Thank you for your consideration and cooperation.