

Kenai Peninsula Borough

Health Care Task Force

144 N. Binkley Street
Soldotna, AK 99669

Gary Knopp, Chairman

FINAL REPORT AND RECOMMENDATIONS

(April 27, 2011)

Background: The Health Care Task Force was formed via adoption of Assembly Resolution 2010-089 [Attachment A]. The Task Force was composed of eight (8) members representing the Borough Assembly, Central Kenai Peninsula Hospital Service Area Board, Central Peninsula General Hospital, Inc. Board (CPGH, Inc.) and residents of the Central Kenai Peninsula Hospital Service Area. The Task Force was asked to examine and review the six (6) governance and ownership options considered by CPGH, Inc. for Central Peninsula Hospital (CPH), and to develop a recommendation regarding the future governance and ownership structure for CPH.

Process and Findings: The Task Force met regularly beginning in December, 2010 for a total of six (6) meetings. The six (6) governance options (Amendment to Lease and Operating Agreement; Privatization; Joint Operating Agreements; Whole Hospital Joint Venture; Merger and Outright Sale) were summarized, reviewed, and debated. The governance option "Long Term Lease," was also summarize, reviewed and debated; however, in the end was not considered as it was not one of the options considered by CPGH, Inc. The Task Force was provided with the documents which were used by CPGH, Inc., in considering the governance options.

The Task Force heard a presentation by Dennis McMillian from the Foraker Group regarding the future trends of the health care industry and public testimony was taken at each meeting and the later meetings were well attended by the public.

Committee Recommendations and Preferred Option: After a vote was taken at the final, April 26, 2011, meeting the majority of the members agreed the Borough and the residents of the Central Kenai Peninsula Hospital Service Area

would be best served by amending the current lease and operating agreement with CPGH, Inc. to address the concerns of CPGH, Inc. and to provide for an environment which would allow CPGH, Inc. to plan for the future changes facing the health care industry.

Alternative Option: In the event the preferred option is not viable to successfully mitigate the concerns of CPGH, Inc. and properly prepare CPH for the future, the majority of the members agreed that the Whole Hospital Joint Venture governance option was the next best choice.

The matrix of the vote on 1st (1 point) and 2nd (.5 point) choices is as follows:

	Privatization	Joint Operating Agreement	Whole Hospital Joint Venture	Merger	Amendments to Lease & Operating Agreement	Outright Sale of the Hospital
Knopp					1	.5
Bannock					1	.5
Hilleary		.5			1	
Hoyt			1		.5	
Murphy			1		.5	
Peterson			.5		1	
Ross			.5		1	
TOTAL	0	.5	3	0	6	1

Conclusion: The Task Force strongly urges the Assembly to direct the Administration to negotiate with CPGH, Inc. to amend the current lease and operating agreement. The amendments need to address the immediate concerns of the current governance structure and anticipate the changes in the health care industry.

NOTE: All supporting documentation used in drafting this report is on file in the Borough Clerk's Office.