

Transition:
*Decision
Making
Framework
Ideas*

Pajaro Valley Health Care District Hospital Board of Directors

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Background & Purpose

Watsonville Community Hospital will transition to Pajaro Valley Health Care District ownership through PVHDP's purchase of hospital assets in the hospital's bankruptcy proceeding.

The close date of the Asset Purchase Agreement is timed with the conclusion of the bankruptcy proceeding and must occur by August 31, 2022.

There are key business line decisions that affect the future service and viability of the hospital required during this timeline (i.e., 650 executory contracts).

Background & Purpose (Continued)

- Prior to the close of the asset sale, certain decisions require multiple party approvals
 1. the purchaser – the Pajaro Valley Healthcare District Project
 2. the future owner – Pajaro Valley Health Care District Hospital
- In addition, decisions regarding matters occurring prior to close require the approval of the hospital, as represented by the hospital's restructuring firm, Force 10 Partners.
- This makes the approval process for time-sensitive decisions related to business and service lines particularly complex.
- In order to address this complexity, key principles and content for decision making and approval processes are suggested.

Inputs and Considerations



Additional inputs??

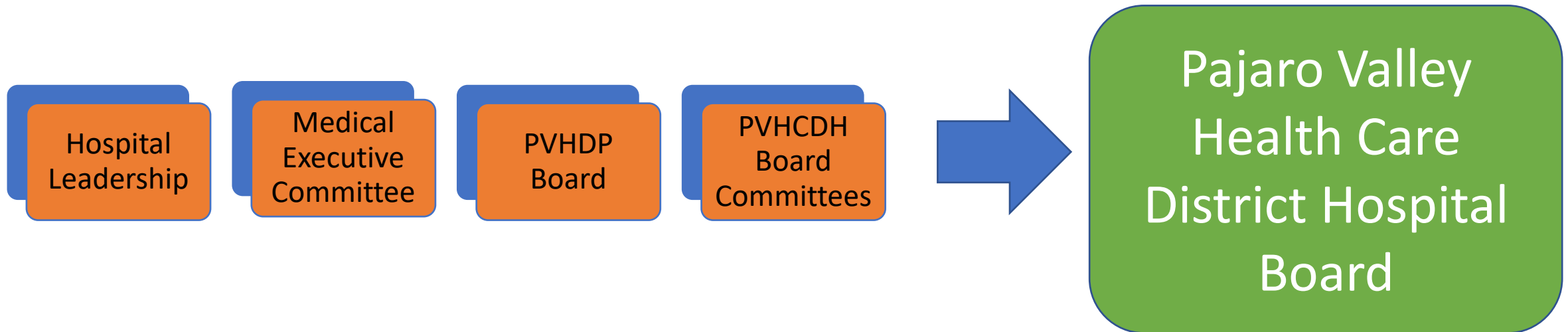
Components of Analysis



1. Capital impact or requirements
2. Income statement impact
3. District population-based demand and volume projections
4. Operational/staffing implications
5. Physician leadership
6. Regulatory, licensing requirements
7. Quality implications

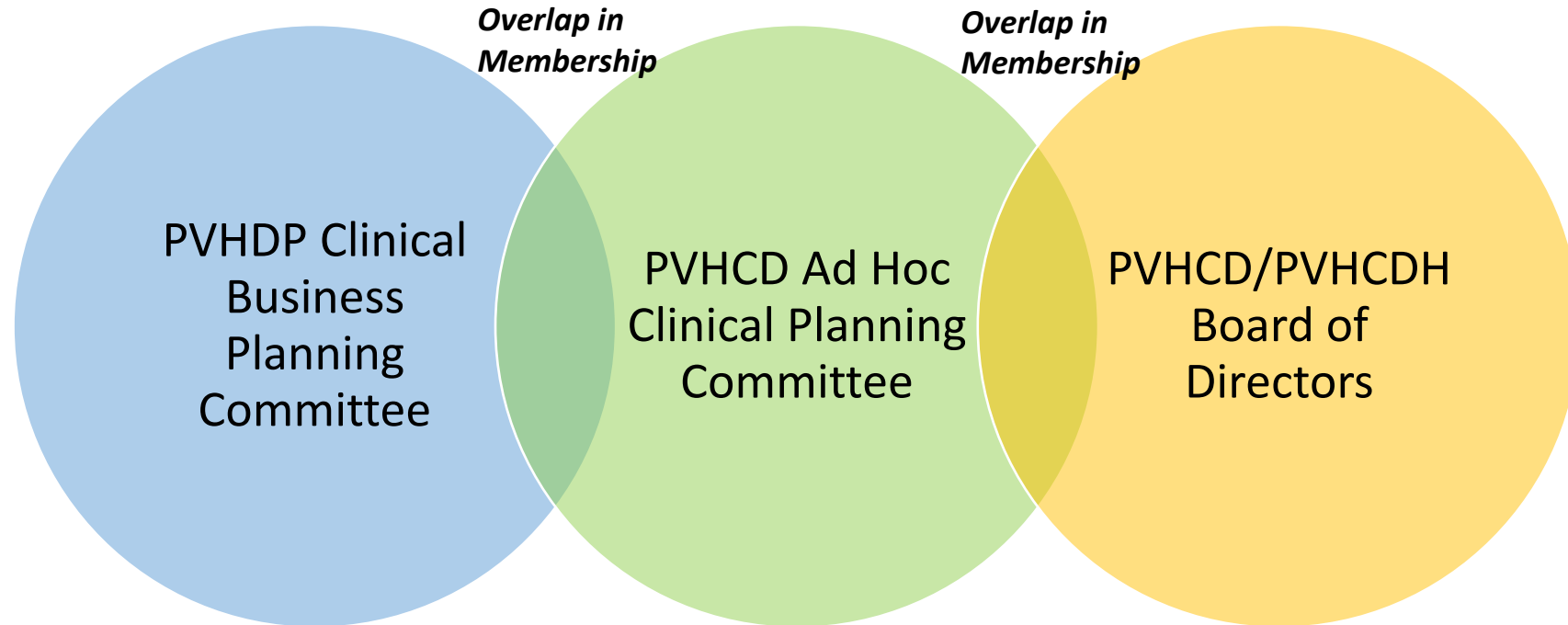
Additional analysis??

Steps in the Process



Other steps??

Clinical Business Planning Committee(s) Composition & Purpose



Advisory Role - Make recommendations to the Project on clinical matters pertaining to the purchase of the Watsonville Community Hospital. Committee is temporary and similar input in the future would come from MEC

Advisory Role – Make recommendations to the PVHCD Board. Currently composed of two members of the PVHCD/PVHCDH board

Decision Making Body – Authority to make decisions related to addition or cessation of services at the hospital

Conclusion



Tough decisions to be made in a very short timeframe – the decision- making process will likely improve over time



Remain both flexible and intentional



You have a great team of consultants supporting and compiling data



Set the foundation now for the needs of the present and into the future



Use established structures within the hospital to advise on decisions