

**SOUTH KENAI PENINSULA HOSPITAL
SERVICE AREA BOARD
RESOLUTION 2023-12**

A RESOLUTION OF THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA BOARD TO SUPPORT APPROVING THE USE OF OPERATING CASH TO FUND THE CAPITAL LEASE OF THE STRYKER MAKO SMARTROBOTICS SYSTEM

WHEREAS, the Kenai Peninsula Borough (Borough) owns and provides for the operation of the South Peninsula Hospital, Inc. (SPHI) through the South Kenai Peninsula Hospital (SKPH) Service Area; and

WHEREAS, the South Peninsula Hospital (SPH) is a non-profit entity founded in 1956 that serves those who live in the southern communities of the Kenai Peninsula from Ninilchik to Nanwalek, Port Graham, and Seldovia; and

WHEREAS, the SPH is a 22-bed acute care critical access hospital, with an attached 28-bed skilled nursing/long-term care facility, that provides healthcare services, including acute care, cancer care, home health, family birthing, imaging, sleep center, rehabilitation, surgery, trauma level IV emergency care, and other services utilized by residents of the SKPH Service Area; and

WHEREAS, the Borough has entered into an Operating Agreement with the SPHI for operation of the SPH and other medical facilities, and to provide other healthcare programs and services, on a nonprofit basis, in order to ensure the continued availability of medical services to SKPH Service Area residents; and

WHEREAS, the SPH's Orthopedic Department is an important component of our mission to provide high quality, locally coordinated care; and

WHEREAS, the SPH has demonstrated that it can safely and effectively provide the highest quality healthcare through the use of advanced technology such as advanced imaging and wishes to improve orthopedic throughput, quality, and patient experience with the use of the Stryker Mako SmartRobotics Total Joint Arthroplasty System; and

WHEREAS, the SPH has performed approximately 48% of Total Knee Replacements (Total Joint Arthroplasty) for residents of the Southern Kenai Peninsula over the past five years; and

WHEREAS, a growing number of surgical patients are leaving the service area to have their Total Joint Arthroplasty performed with a robotic system due to improved outcome and patient satisfaction; and

WHEREAS, the 2023 Community Health Needs Assessment highlights a need for broader healthcare services to support our aging demographic and a projected increase in Total Joint Arthroplasty procedures; and

WHEREAS, the SPH has been offered an option to enter into a 7-year Capital Lease of the Stryker Mako SmartRobotics System through an implant purchase commitment with Stryker. At the end of that Capital Lease commitment period, the title to the Stryker Mako SmartRobotics System shall transfer to South Peninsula Hospital for \$1; and

WHEREAS, the cost of the Stryker Mako SmartRobotics System with discounts is \$675,000 and the implicit lending rate in the capital purchase commitment master agreement is based on the Bloomberg SOFR Swap rate (approximately prime plus 2%); and

WHEREAS, the projected increase in market share for Total Joint Arthroplasty Surgeries and the associated net income from these procedures shall pay for the Stryker Mako SmartRobotics System from Operating Cash; and

WHEREAS, the SPH Board Finance Committee reviewed and approved SPH Resolution 23-24 at their meeting on August 17, 2023; and

WHEREAS, the SPH Board, at its August 23, 2023 meeting, adopted Resolution 2023-24, which approved the use of Operating Cash to fund the 7-year embedded Capital lease for a Stryker Mako SmartRobotics System through an Implant Purchase Commitment Master Agreement with Stryker.

NOW, THEREFORE, BE IT RESOLVED BY THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA BOARD:

1. The South Kenai Peninsula Service Area Board hereby respectfully recommends approval of Resolution 2023-12, to support the use Operating Cash to fund the 7-year embedded Capital lease for a Stryker Mako SmartRobotics System through an Implant Purchase Commitment Master Agreement with Stryker.

PASSED AND ADOPTED BY THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA BOARD AT ITS MEETING HELD ON THIS 14th DAY OF SEPTEMBER 2023.

ATTEST:


Helen Armstrong, Chair

South Kenai Peninsula Hospital Service Area Board