Request For Proposals
To Lease The Scott County Hospital
Oneida, Tennessee

This Request for Proposals (RFP), issued by Scott County, Tennessee (Owner), is intended to solicit proposals from health care entities experienced in the operation of rural hospitals (Respondent) for consideration by the Owner in leasing the Scott County Hospital.

The RFP is categorized into the following sections for ease of reference and the captions are intended for purposes of convenience. All proposals should utilize the numerical system as found in the RFP.

Sealed responses to this RFP should be addressed or delivered to Carol Lowe, Scott County Director of Finance, 210 Court Street, P.O. Box 180, Huntsville, Tennessee 37756 and must be received for consideration by the Owner on or before 12:00 p.m. EDT on Friday, June 24, 2011. If deemed in the best interest of the Owner, Owner reserves the right to extend deadline for receiving responses. If extended, Owner will make notice to each Respondent receiving the RFP of the new deadline.

The Owner expressly reserves the right, to the full extent permitted by law, to waive or modify any of the requirements or provisions of this RFP, as the same may pertain to any Respondent, and to confer with and request additional information from any Respondent. In addition, the Owner expressly reserves the right to reject for any reason, any and all proposals submitted in response to this RFP.

I. Respondent’s Qualifications

Respondent is requested to provide complete and accurate information concerning the following:

a. The number of years of experience Respondent has in the provisions of hospital services;

b. Prior experience Respondent has in regard to a community hospital operation with resulting service enhancements and capital improvements, including Critical Access Hospitals (CAH), if applicable;

c. Respondent’s average net patient revenues from hospital operations for the preceding three fiscal years;

d. Respondent’s total fund balance or net worth in the aggregate (or the net worth of all principals of Respondent who will guarantee the obligation of Respondent) as of December 31, 2010 or end of previous fiscal year;

e. Facts and circumstances that demonstrate an exceptional record of community service throughout the service areas of hospitals which Respondent operates; and,

f. Provide a complete list of hospital(s) that are managed, owned, or leased by the Respondent and provide the ownership/leasehold interest in each facility, placing an emphasis on any and all facilities that are of similar size and/or service area to Scott County Hospital.
A Respondent may request a waiver by Owner in respect to any information requested in this section. The grant of a waiver shall be solely at the discretion of the Owner.

II. Description and background of Scott County Hospital

a. Description:

The hospital is a not-for-profit 25 licensed bed community hospital organized under the statutes of the State of Tennessee located in Oneida, Tennessee.

b. Background:

St. Mary’s Medical Center of Scott County (SMMCSC), commonly known by its former name, Scott County Hospital, is a 25-bed rural hospital located in Scott County, Tennessee. The hospital is currently classified as a Critical Access Hospital (CAH). The hospital is owned by the Scott County Government and is operated by Mercy Health Partners (hereafter referred to as Mercy) under a lease agreement.

In January, 2008, Mercy entered into a two year lease arrangement for the hospital. In June, 2009, the lease was converted into a long-term lease with a term of fifteen years, with two automatic five year extensions. The terms of the contract also include a two year notice requirement for lessee to terminate.

From 2008 through early 2010, Mercy focused efforts to improve both the clinical and financial performance of SMMCSC. While capital was invested, much of it was spent bringing the facility up to Joint Commission requirements and conducting necessary repairs. Improvements to the facility and clinical capabilities made by Mercy include:

- Conversion of the hospital to Critical Access facility (May 2009)
- Addition of MRI services to the County (September 2008)**
- Satisfying all Joint Commission deficiencies
- Obtaining 3 year accreditation in 2010
- New telephone system
- Closed Gero Psych unit (October 2009)

With the conversion of the hospital to Critical Access status in May 2009 the financial performance has improved and for FYE December 31, 2010, the net loss was ($1,833,105). Due to strategic plans made by Mercy in May 2010, a decision was made to issue a notice of lease termination to Owner effective May 2012. In the meantime, Mercy issued a RFP in
December 2010 seeking a partner or owner for all of its East Tennessee operations. It is anticipated that Mercy’s RFP process will conclude sometime in late 2011.

**The scope of the lease agreement will be limited to those services provided on the hospital’s main campus, which is located at 18797 Alberta Street, Oneida, TN 37841. The campus includes the hospital and an adjoining, freestanding Physician Professional Building. Any and all services provided by Mercy at other leased locations not controlled by the Owner will require separate agreement(s) with the property owner(s).**

### III. Evaluation Process

Evaluation of the proposals received in respect to this RFP will be made by the Community Development Committee of Scott County, which, with the advice and input of the members of the local Hospital Board, shall make a recommendation to the Scott County Board of County Commissioners, which will have the right of final approval of any agreement. Owner reserves the right to employ a third-party firm to assist in the evaluation process.

The Owner reserves the right to request additional information in support of a Respondent’s written proposal. If additional information, a site visit to Respondent’s existing facilities or an oral presentation is desired by the Board of County Commissioners, the information shall be timely solicited or the Respondent timely contacted. If such request is made, the presentation or visits shall be arranged at times mutually agreeable to the Respondent and Owner. Any interpretation or correction of this RFP will be made only by written addendum under signature of Jeff Tibbals, County Mayor. A copy of any addendum shall be delivered by the Owner to each Respondent receiving the RFP. The Owner shall not be responsible for any explanation or interpretation of this RFP other than by written addendum. No oral interpretation of any provision of this RFP shall be binding upon the owner.

Withdrawals of a proposal after it has been received by the Owner should be made in writing, signed by the Respondent, and should be addressed or delivered to Scott County Mayor Jeff Tibbals, 2845 Baker Highway, P.O. Box 180, Huntsville, TN 37756 on or before to 12:00 p.m. EDT on Friday, July 1, 2011. If the timeline for receiving responses is extended, the deadline for submitting withdrawals will likewise be extended. The new deadline for withdrawal will be seven calendar days from the new deadline to receive proposals. Such notifications must be received by the Owner no later than 12:00 p.m. local time on the final day of the extended withdrawal period.
IV. Evaluation Criteria

The Owner will evaluate and judge each proposal based upon the Respondent’s present abilities to provide the best long-term medical and hospital care to Scott County and its surrounding communities. In order to properly evaluate the merits of each proposal, Respondents are requested to address the following criteria:

a. The experience, past performance, quality of service, financial ability, and stability of the Respondent;
b. The demonstrated ability of the Respondent to serve the needs of the residents of the County;
c. The willingness of the Respondent to agree to proposed terms for the lease of the hospital favorable to the Owner and in compliance with applicable law;
d. The geographic proximity of the tertiary care facility proposed to be utilized by the Respondent in respect to patients initially admitted at the hospital;
e. The amount of rent the Respondent proposes to pay the Owner for lease of the facilities;
f. The assurance of the utilization of the existing Medical Staff and nurses of the hospital and the likelihood of timely recruitment of new physicians and nurses to the hospital by the Respondent;
g. Plans for capital improvements to the hospital which are favorable to the Owner and residents of the service area of the hospital;
h. Proposals indicating that the Respondent will be sensitive to the continued employment of current hospital employees, its willingness to honor employee benefits now earned or accrued, and its willingness to provide equal or greater employee benefits for hospital employees in the future. Respondents should likewise indicate its willingness to assume physician contracts still in effect;
i. Proposals indicating that the Respondent is willing to continue to adequately provide indigent care to the impoverished population of the County;
j. The financial capability of the Respondent to relieve the Owner of the financial obligation in respect to the maintenance and upkeep of the hospital and adjacent, freestanding Physician Professional Building. Respondent must assure Owner the physical plant will be kept in compliance with all minimum state and federal regulatory standards, including but not limited to those standards required for Joint Commission Accreditation and to meet other criteria set forth herein in regard to capital improvement and enhanced health care for the service area of the hospital; and,
k. Proposals should include how Respondent plans to work with family physicians, clinics, and nursing homes to utilize hospital services.
V. Confidentiality

Respondent, and to the extent permitted by law, the Owner, and hospital shall hold in strict confidence and shall not disclose, divulge, or otherwise disseminate any confidential information or the substance of any confidential information to any person or entity. Each party shall restrict its use of all confidential information to the preparation and submission of a proposal in response to this RFP and evaluation of the same, and shall not use any confidential information in any manner which may cause injury or loss to the business of the hospital.

"Confidential Information" shall include all information which is not generally known relating to financial records and results of the parties; methods, techniques, and procedures utilized in providing services to patients not readily available through sources in the public domain and not developed by the disclosing party; and all information entrusted or made available between the parties in connection with the RFP which is not at the time of disclosure part of the public knowledge or literature.

"Confidential Information" shall not include information which (i.) is already in the public domain at the time of disclosure, (ii.) was in any party’s lawful possession before the information was made available by another party; (iii.) is received from another source free to disclose the information; or (iv.) is communicated by a party to a third party free of any obligation of confidence.

Any party may disclose confidential information (i.) required under State or Federal Law; (ii.) in connection with any litigation arising out of, resulting from, or relating to this RFP or the related documents; or (iii.) under subpoena or court order.

Each respondent will be required to execute a confidentiality agreement with the current operator of St. Mary’s Medical Center of Scott County, Mercy Health Partners, in order to obtain financial, statistical and contractual information regarding the hospital. (Contact Jack M. Bryan, CEO e-mail: jbryan@mercy.com)

VI. Instructions

The Respondent’s sealed proposal should include twenty (20) copies of the Respondent’s response to the RFP, and must include, at a minimum, responses to all of the criteria and inquiries stated herein. Respondent should also provide evidence of its ability to satisfy the financial commitments proposed in its response.