

Stokes County  
Request for Proposals  
(RFP) for Lease, Sale  
or Conveyance of  
Stokes Reynolds  
Memorial Hospital

Date: March 11, 2024

The Stokes County Board of Commissioners of Stokes County, North Carolina adopted a resolution declaring its intent to sell, lease or convey Stokes Reynolds Memorial Hospital. In accordance with the Resolution and the provisions of Part 1, Article 2, Chapter 131E of the NC General Statutes, the Board of Commissioners is required to solicit proposals for the sale, lease or conveyance of the Hospital. The purpose of this RFP is to invite organizations to submit a proposal. The County is under no obligation or responsibility to accept any proposal and reserves the right to reject any or all proposals.

The hospital and related properties are currently leased to a lessee. The lessee has proposed to assign the current lease agreement to a new lessee. If you wish to be considered for an assignment of the current lease, a new lease, or sale; it will be necessary for you to enter into an agreement with the current lessee for the assignment of the lease and acquisition of the operating assets with provision for the payment or assumption of existing debt.

The current lease term expires July 31, 2026; subject to two five- year renewal options. Proposals should include your position on assuming the current lease or pursuing other options with respect to a new lease, sale or conveyance.

## **Hospital Facilities Description**

Stokes Reynolds Memorial Hospital (License #H0165) is a federally recognized Critical Access Hospital with three campus locations; Stokes Reynolds Memorial Hospital in Danbury, Dr. JR Jones Medical Center in King, and Rural Health Clinic in Pine Hall. These are described as follows:

Stokes Reynolds Memorial Hospital, Inc. ("SRMH")  
1570 NC 8 & 89 Hwy North  
P.O. Box 10  
Danbury, NC 27016

The SRMH campus in Danbury includes a full time Emergency Department with five treatment rooms and 53 licensed inpatient general acute care beds (25 of these beds are staffed) and 40 nursing facility beds that comprise the Stokes Reynolds Skilled Nursing Facility. This hospital campus location provides diagnostic imaging services including computed radiography. Surgical capacity at this location includes two licensed operating rooms for shared inpatient and ambulatory surgery. Ancillary services include laboratory, physical therapy, occupational therapy, and respiratory therapy. The Hospital

also operates a Rural Health Clinic and Pediatric Clinic on the Danbury Campus. The total gross square footage of the hospital facility is 52,330.

Dr. J.R. Jones Medical Center  
402 West King Street  
P.O. Box 410  
King, NC 27021

Located in southwestern Stokes County, the Dr. J.R. Jones Medical Center is licensed as part of Stokes-Reynolds Memorial Hospital and includes ambulatory surgery, endoscopy and outpatient diagnostic services, including limited laboratory services. Surgical capacity at this location includes two licensed operating rooms for ambulatory surgery and a licensed dedicated endoscopy room. The Hospital partners with specialty physicians to provide orthopedics and ophthalmology. This location previously included emergency services. The Dr. J.R. Jones Medical Center totals 12,378 square feet.

Located in southeastern Stokes County, the Hospital operates rural health clinic services in leased space at the Pine Hall Community Center, 3853 US 311 Hwy N, Pine Hall, NC 27042. Diagnostic Imaging is available at this location.

## **Property, Facilities and Equipment**

The land, buildings and physical property owned by the hospital is described in the attached spread sheet “SRMH Statement of Values.”

## **CON Applications**

According to hospital officials, there are no CON applications that are pending review or development.

## **Service Area Demographics**

The majority of inpatients and long-term care patients originate from Stokes County, making it the primary services area for Stokes-Reynolds Memorial Hospital. Ambulatory surgery patients who obtain service at Dr. J.R. Jones Medical Center reflect a mix of patients with most originating from Stokes and Forsyth County.

A high percentage of Stokes County inpatients and ambulatory patients are served by Novant Health and Atrium Wake Forest Baptist Health. While these facilities offer considerable depth of tertiary care in Winston-Salem, Stokes-Reynolds Hospital fulfills a vital role in providing access to Emergency Department, outpatient and inpatient care as well as nursing facility care to Stokes County residents within their home county.

## **Statutory Requirements:**

Pursuant to NCGS 131E-13, the County may lease, sell, or convey the hospital facilities to a corporation, foreign or domestic, authorized to do business in North Carolina, subject to the following conditions which shall be included in the lease, agreement of sale, or agreement of conveyance:

1. The corporation shall continue to provide the same or similar clinical hospital services to its patients in medical-surgery, obstetrics, pediatrics, out-patient and emergency treatment, including emergency services for the indigent, that the hospital facility provided prior to the lease, sale, or conveyance. These services may be terminated only as prescribed by Certificate of Need Law prescribed in Article 9 of Chapter 131E of the General Statutes, or, if Certificate of Need Law is inapplicable, by review procedure designed to guarantee public participation pursuant to rules adopted by the Secretary of the Department of Health and Human Services.

2. The corporation shall ensure that indigent care is available to the population of the county or area served by the hospital authority at levels related to need, as previously demonstrated and determined mutually by the county or hospital authority and the corporation

3. The corporation shall not enact financial admission policies that have the effect of denying essential medical services or treatment solely because of a patient's immediate inability to pay for the services or treatment.

4. The corporation shall ensure that admission to and services of the facility are available to beneficiaries of governmental reimbursement programs (Medicaid/Medicare) without discrimination or preference because they are beneficiaries of those programs.

5. The corporation shall prepare an annual report that shows compliance with the requirements of the lease, sale, or conveyance.

The corporation shall further agree that if it fails to substantially comply with these conditions, or if it fails to operate the facility as a community general hospital open to the general public and free of discrimination based on race, creed, color, sex, or national origin unless relieved of this responsibility by operation of law, or if the corporation dissolves without a successor corporation to carry out the terms and conditions of the lease, agreement of sale, or agreement of conveyance, all ownership or other rights in the hospital facility, including the building, land and equipment associated with the hospital, shall revert to the county or successor entity originally conveying the hospital; provided that any building, land, or equipment associated with the hospital facility that the corporation has constructed or acquired since the sale may

revert only upon payment to the corporation of a sum equal to the cost less depreciation of the building, land, or equipment.

### **Certifications Required for Proposal**

Each Proposer is required to propose a sale, lease, or other conveyance in the proposal submitted, and certify each of the following:

1. The proposer shall operate the hospital as a community general hospital open to the general public without discrimination based on race, creed, color, sex or national origin.
2. The proposer shall continue to provide the same or similar clinical hospital services in medical-surgery, pediatrics, outpatient and emergency treatment, including emergency services for indigent, that the hospital provided prior to the lease or sale of the hospital.
3. The proposer shall ensure that indigent care is available to the population of the area served by the hospital at levels related to need, as previously demonstrated and determined mutually by the County and the proposer.
4. The proposer shall ensure that admission to, and services of the hospital, are available to beneficiaries of governmental reimbursement programs without discrimination or preference because they are beneficiaries of such programs.
5. Neither proposer nor its affiliated companies has been indicted or convicted of any criminal offense that could result in exclusion of the proposer or an affiliate being excluded from Medicare, Medicaid or other federal healthcare programs.
6. Proposer and its affiliated companies have never been suspended or excluded from participation in Medicare, Medicaid or other Federal healthcare programs.
7. Proposer has adequate financial resources available to lease or purchase the hospital facilities and operate the hospital facilities, as documented by copies of the most recent audited financial statements or other supporting financial information which should be included with the proposal.
8. Proposer has full legal and/or corporate authority to submit its binding proposal, as evidenced by certified copy of board minutes or other documentation, which should be included with the proposal.
9. Proposer shall certify whether it participates in any other managed care programs in which hospital is not currently participating; and whether proposer plans that the covered services under such new managed care plan will be offered to the leased facilities in Stokes County under such program.
10. Proposer shall certify whether it proposes operations on a for-profit or non-profit basis

## Instructions for Submitting Proposals

Proposer shall submit eight (8) hard copies and one electronic copy in PDF form of the proposals for sale, lease or conveyance, in an envelope clearly marked as "Hospital Proposal." Proposals must be received on or before 4:00 p.m. on **April 19, 2024**, by hand delivery, or otherwise physically delivered by public or private carriers or delivery services, including, but not limited to US Postal Service Certified Mail with return receipt requested, UPS "United Parcel Service" FEDEX "Federal Express or by any other delivery method with receipt of said proposals, to:

### Mailing Address

Stokes County

Attn: Amber Brown, Interim County Manager/Clerk to the Board

1014 Main Street

PO Box 20

Danbury, NC 27016

### Office Location

Stokes County

Attn: Amber Brown, Interim County Manager/Clerk to the Board

Ronald Reagan Building

2<sup>nd</sup> Floor

1014 Main Street

Danbury, NC 27016

Requests for additional information must be submitted by **April 5, 2024**.

If desired, site visits will be coordinated and conducted by the Stokes County staff. Contact Glenda Pruitt, Purchasing/Project Manager at (336) 593-2452.

All proposals will be evaluated as submitted but the County reserves the right to request more information. Interviews will be conducted as needed. Although proposals will become a public document, they will be reviewed by the Commissioners in closed session, and will be made available to the public only when the County gives notice of a public hearing on the proposals.

Anticipated Date of Award is **May 13, 2024**.

## Proposal Preparation Instructions

Please provide the following information in your proposal:

1. Describe the organizational and ownership structure of the proposer. Include the full name of the company, its state of organization, the date of its organization, its mailing and street addresses, telephone number, email and the name of the person to contact. Please provide the same information for each subsidiary and affiliate of the company which is engaged in the operation of a hospital.
2. Provide names of the directors and principal officers of the proposer and each subsidiary, and a brief summary of the experience of each person in the healthcare industry. Also describe the management team that will be operating the hospital and provide a copy of their individual resumes. This description should also describe where these individuals will be geographically located as they perform their functions. An example would be the Chief Financial Officer (CFO) and whether that person would be physically located at the hospital or elsewhere.
3. Describe the proposer / management team's number of years of operational experience operating licensed hospitals including critical access hospitals. Experience of the proposer's affiliates or predecessor companies may be submitted with explanation of relationship to proposer's current management team.
4. Provide copies of the audited financial statements of the proposer and each subsidiary (including all footnotes and auditor's letters) for the last three fiscal years and unaudited interim statements for the current period.
5. Please provide a copy of attorneys' letters regarding pending and threatened claims and investigations for the proposer and each subsidiary for each of the last three fiscal years.
6. Provide a statement as to whether or not the proposer, any subsidiary or any shareholder, officer or director of the proposer or any subsidiary has ever been suspended or excluded from or denied participation in any federal health care program, including without limitation Medicare, Medicaid and TRICARE. Please indicate whether there are any threatened or ongoing investigations relating to Medicare, Medicaid or TRICARE.
7. Provide a statement as to whether or not the licensure or accreditation of the proposer or any Subsidiary, or any hospital owned or operated by the proposer or any Subsidiary of the Company, has ever been suspended, revoked or denied.

8. Provide a listing of the insurance coverage maintained by the proposer and each Subsidiary, including without limitation, professional liability, general liability and officers and directors coverage. Please include the name of each insurance company and provide the coverage limits and deductibles under each policy.
9. Provide a copy of the indigent care policies in effect at hospitals owned, operated, or managed by the proposer and any subsidiary.
10. Provide a copy of the most recent community benefit report or reports of the proposer and its subsidiaries.
11. Provide a complete list of services provided by the hospitals owned and operated by the proposer and its subsidiaries.

### **Matters to be Discussed in the Proposals**

Please discuss the following matters in your proposal:

1. How you propose to structure the financial transaction of the purchase or lease of the Hospital.
2. Describe your vision for providing health care services in the Hospital's service area and strategy you plan to employ to implement any changes necessary to achieve the vision.
3. How you propose to grow the Hospital's inpatient and outpatient volumes.
4. Describe your plan to reduce patient outmigration.
5. Give examples of successful growth strategies that you have utilized.
6. Do you plan to make changes to the medical staff structure at the Hospital? If so, please describe your proposed changes.
7. Does the proposer or any of its subsidiaries operate a hospitalist program? If so, please describe the program.
8. Specifically describe the proposer's experience in physician recruitment and management of physician practices. What financial arrangements (income guarantees, loans, other financial assistance) does the proposer contemplate using when recruiting physicians?
9. Describe the proposer's policies and programs regarding access to care for indigent and uninsured patients, including your specific experience with providing indigent care.



10. Describe the commitment to help the Hospital access sufficient capital to address its facility, physician recruitment and other requirements for long-term financial stability and ability to support clinical excellence in the future.
11. Describe the information technology features the Company could offer to the Hospital. Include your plans to ensure an adequate electronic medical records (EMR) system for the hospital.
12. Your commitment to continued employment of current Hospital employees and continuation of equivalent benefits, including without limitation, retirement benefits.
13. Your commitment to work with the county government to plan, develop construct and license new critical access hospital facilities in Danbury and the City of King within five (5) years of taking over. Include the establishment of a 24 hour, seven days a week Emergency Room in the City of King.
14. Your record of regulatory compliance in any previous operation or management of a critical access hospital and/or skilled nursing facility.
15. Your commitment to maintain appropriate amounts of insurance coverage including without limitation, professional liability coverage and “tail” coverage to protect the County after the lease or sale of the Hospital.
16. Provide information on how the lease, or sale of the Hospital to your organization will provide for the health-related needs of medically underserved groups such as low-income persons, racial and ethnic minorities, and handicapped persons.
17. Provide information on charges, services, and indigent care at similar facilities owned, operated, or managed by the proposer and its subsidiaries.
18. Provide information and examples of your commitment to support psychiatric and mental health services and coordination of care through the hospital emergency department. Please describe your experience regarding innovative methods for assessment and coordination of care or including telepsychiatry.
19. Describe your plan for operating the Stokes-Reynolds Skilled Nursing Facility component of the hospital.
20. Provide information and examples of your commitment to support Stokes County EMS and other county departments
21. Address requirements to obtain physician examination of employees with workers compensation injuries during and after normal business hours.

22. Address your commitment to support public health initiatives and partnering with the Stokes County Health Department.
23. Address your plan for marketing the hospital in Stokes and surrounding counties to increase patient numbers.
24. Address your plan for regular meetings and communications on the status of the hospital operations with the county commissioners. Also, include what your on-site local presence will look like to support daily operations of the hospital and its satellite facilities.
25. Address your plans for billing to ensure revenues are received in a manner to support operational cash flow requirements and cash reserve requirements.
26. Describe your prior experience in operating a critical access hospital. If the proposer has not operated a critical access hospital, please provide any additional information that should be considered by county decision makers on why they should take a chance on the company operating its first critical access hospital in Stokes County.
27. Describe how your policy or a proposed policy for determining whether or not a patient would qualify for charity care.
28. Describe your experience operating or performing other functions associated with skilled nursing facilities.

### **Evaluation Criteria for Proposals**

The following evaluation criteria will be used and points awarded from the total number of points assigned to each of the criteria.

1. Experience operating or performing other functions associated with critical access hospitals (25 points)
2. Financial assets available to successfully assume operation of the hospital without financial contribution by Stokes County Government. Economic feasibility of proposed transaction structure (25 points)
3. Experience operating or performing other functions associated with skilled nursing facilities (20 points)
4. Overall past performance of entity submitting proposal based on information provided in this proposal (15 points)
5. Unique qualifications of entity submitting proposal that might contribute to the success of the hospital (15 points)