

Dimensions Healthcare System Request for Proposals

The State of Maryland and Prince George’s County have each enacted legislative policies that encourage the participation of locally-based and minority-owned businesses.

I. DEFINITIONS

- 1.1** “Contractor” means the Offeror selected and contracted in accordance with sections 5.5 and 5.7 of this RFP to perform the work specified in Part IV of this RFP.
- 1.2** “Contract Manager” means the staff representative of the Oversight Committee designated in section 4.8 of this RFP who will oversee, on behalf of the Oversight Committee, the Project and the Contractor’s activities.
- 1.3** “Offeror” means an entity that submits a timely proposal in response to and in accordance with the terms of this RFP.
- 1.4** “Oversight Committee” or “Committee” means the committee created pursuant to the Memorandum of Understanding between the State of Maryland and Prince George’s County described in section 2.2 of this RFP, to support and enhance the medical services provided by the health care facilities managed by Dimensions Healthcare System.
- 1.5** “Project” means the services described in Part IV of this RFP.
- 1.6** “Project Manager” means the individual representative of the Contractor designated in its proposal, pursuant to subsection 5.1.2 of this RFP, as responsible for management of the Project and the services described in Part IV of this RFP, and who serves as the primary point of contact for the Contractor regarding all tasks related to the engagement.
- 1.7** “Project Coordinator” means the representative or representatives of Dimensions Healthcare System identified in section 4.8 of this RFP who are responsible for on-site, day-to-day project coordination with the Contractor.

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1.8 “Project Team” means:

1.8.1 The Project Manager;

1.8.2 Other individuals identified by the Contractor in its Proposal in response to Part V of this RFP; and

1.8.3 Any other individuals employed or engaged by the Contractor, consistent with the requirements of sections 2.7 and 2.9 of this RFP, to perform work on the Project.

1.9 “Proposal” means an Offeror’s proposal in response to this RFP, and includes the initial proposal and any written clarifications of or changes thereto made by the Offeror after the initial submission in accordance with this RFP.

II. GENERAL INFORMATION

2.1 Memorandum of Understanding

Since FY 1999 Dimensions Healthcare System (Dimensions), a non-profit, multi-facility provider of health services in Prince George’s County, Maryland has experienced consistent financial losses. These losses led the State of Maryland (the State) and Prince George’s County (the County) to enter into a Memorandum of Understanding (MOU) on February 20, 2004 (amended April 20, 2004). The goal of the MOU is to “support and enhance the medical services provided by Prince George’s Hospital Center, Laurel Regional Hospital and other health care facilities managed by Dimensions Healthcare System.”

2.2 Oversight Committee

The MOU establishes a seven-member Oversight Committee (the Committee), including the chair and two representatives appointed by the Governor and four representatives appointed by the County Executive, one of whom will be selected by the County Council. The chairman of the Health Services Cost Review Commission will serve as an ex-officio member.

2.3 RFP Purpose and Accountability

The MOU directs the Committee to initiate the selection of a Contractor to provide it with expert advice and recommendations to meet the goals of the MOU. The MOU assigns Dimensions responsibility for retaining the Contractor upon the Committee’s approval. Dimensions (through the Project Coordinator) is responsible for day-to-day project coordination. The MOU requires the Contractor to report to the Committee

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directly on a regular basis, and assigns to the Committee the responsibility for reviewing and evaluating the Contractor's recommendations and overall performance.

2.4 Assessment

- 2.4.1 The MOU also calls for an "independent and professional assessment" of Dimensions to support both ongoing recommendations for short-term financial stabilization and the development of a long-term Recovery and Restructuring plan.
- 2.4.2 The Contractor for the Project will be engaged pursuant to this RFP to perform the assessment and related services described herein, following its selection according to the procedure specified in section 5.5 of this RFP.

2.5 Mandatory Contractual Terms

The Contractor shall comply with the terms and conditions of this RFP, the services described in the Contractor's Proposal, and the written contract executed between the parties as provided in section 5.7 of this RFP.

2.6 Contractor Responsibilities

- 2.6.1 The Contractor shall be responsible for all deliverables, i.e., all products and services required by this RFP and described in the Contractor's Proposal in response to Part V of this RFP.
- 2.6.2 The Contractor shall provide ongoing management advice to Dimensions management.
- 2.6.3 The Project Manager shall serve as the primary point of contact for all tasks related to this engagement.
- 2.6.4 During the six months following the Contractor's submission of all deliverables described in subsection 2.6.1 of this RFP, the Contractor shall continue to make itself available to the Contract Manager and the Committee to explain and answer questions about its work in connection with the engagement and the deliverables described in subsection 2.6.1 of this RFP.

2.7 Subcontracting

Except as described in the Proposal, the Contractor may not subcontract any of its duties under the Contract unless the Contractor obtains the express written approval of the Contract Manager.

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2.8 Effect of Subcontract

The Contractor's entry into a subcontract in accordance with section 2.7 of this RFP shall not have the effect of discharging, with respect to Dimensions and the Oversight Committee, any of the responsibilities owed by the Contractor as provided in section 2.6 of this RFP.

2.9 Substitution of Personnel

Key members of the Project Team are expected to continue on the Project Team throughout the contract period. The Contractor may not make substitutions for key Project Team members without the express written agreement of the Contract Manager. The Contract Manager may not agree to the substitution unless the proposed substitute has qualifications at least equal to those of the individual specified in the Proposal in response to subsection 5.1.2 of this RFP.

2.10 Payment

2.10.1 Direct Service Hours. Dimensions will pay the Contractor for services described in Part IV of this RFP that are performed by members of the Project Team based on direct service hours billed at the hourly rate specified in the Proposal. Billable hours include all on- and off-site hours expended on this project, including travel between Dimensions' various facilities, report preparation, meetings and presentations on behalf of Dimensions and the Oversight Committee. The Contractor will be required to provide time records and/or other documentation acceptable to the Project Coordinator to establish that all direct service hours billed have actually been expended by such personnel, totally and productively in the performance of the services described in: Part IV of this RFP, the Contractor's Proposal, or the written contract executed between the parties as provided in section 5.7 of this RFP.

2.10.2 Direct Expenses. The Contractor will be paid for the approved actual cost of materials used and other direct expenses incurred in the performance of the services described in Part IV of this RFP. Direct expenses shall include, but not be limited to: travel, reasonable lodging and meals, copying services, fax and long distance charges. The Contractor shall provide documentation of the actual cost of materials and other direct expenses incurred in the performance of the services described in: Part IV of this RFP, the Contractor's Proposal, or the written contract executed between the parties as provided in section 5.7 of this RFP

2.10.3 Limitation. Except as provided in this subsection, Dimensions' duty to pay the Contractor, as provided in subsections 2.10.1 and 2.10.2 of this RFP, shall be limited to the amounts specified in the Direct Services Budget or the Direct Expense Budget of the Proposal, which respond to subsections 5.2.3 and 5.2.4 of this RFP. Unless the

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Contractor obtains written approval from the Contract Manager before incurring such unbudgeted fees or expenses, Dimensions will not pay the Contractor for fees or expenses in excess of those specified in the Proposal.

III. BACKGROUND

3.1 Dimensions Healthcare System

- 3.1.1 Dimensions is a private not-for-profit corporation that operates an integrated health care delivery system principally serving the residents of Prince George's County, Maryland. The County is part of the metropolitan Washington, D.C. area. As of 2000, the County had a population of 801,515 residents.
- 3.1.2 Dimensions consists of four operating divisions: Prince George's Hospital Center (Hospital Center), a 276-licensed bed acute-care hospital and regional referral center; Laurel Regional Hospital (Laurel), a 146-licensed bed acute-care community hospital; Gladys Spellman Specialty Hospital and Nursing Center (Gladys Spellman), a 110-licensed bed comprehensive care and chronic care facility; and the Bowie Health Center (Bowie), a deregulated ambulatory surgery center and a freestanding, rate regulated emergency care facility. The four facilities are located within the County and are leased to Dimensions by the County government pursuant to a long term Master Lease Agreement.
- 3.1.3 Dimensions is the largest provider of health care services in Prince George's County. In fiscal year 2003, Hospital Center and Laurel discharged 26,048 patients who received 121,092 days of care, inclusive of newborns. In addition, the emergency rooms and outpatient clinics at Hospital Center, Laurel, and Bowie received 127,156 visits in fiscal year 2003. During the same period, 15,793 ambulatory surgery and endoscopic procedures were performed at the three facilities, and Gladys Spellman provided 37,607 days of care.
- 3.1.4 Dimensions has several subsidiaries and affiliates, including: Dimensions Assurance, Ltd., Madison Manor, Inc., Affiliated Enterprises, Inc., and Dimensions Health Associates. Dimensions Assurance, Ltd. is an off-shore captive insurance company that provides a portion of Dimensions' malpractice insurance. Madison Manor, Inc. is a for-profit subsidiary that owns a 25 percent interest in Larkin Chase Nursing Center, a 120 nursing home located on the Bowie campus. Affiliated Enterprises, Inc. also owns a 50,000 square Medical Office Building on the Bowie campus and Dimensions' interest in Woodward Estate, an 80 unit assisted living facility located on the Bowie campus. Dimensions Health Associates is a hospital-based physician group that provides coverage at Hospital Center. It consists of the faculty for the Internal Medicine Residency Program, Dimensions Ob/Gyn Associates, Anesthesiologists, and Critical Care physicians.

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- 3.1.5 Dimensions and its affiliates, Larkin Chase and Woodward Estate, collectively operate 731 licensed beds, including 393 acute care beds, 28 comprehensive rehabilitation beds, 230 long-term care beds, and 80 assisted living units.
- 3.1.6 Dimensions has 2725 employees, including the following employees in AFL-CIO collective bargaining units:
- 808 SEIU Service Employees; and
 - 787 SEIU Professional Staff Nurses Association (PSNA).

3.2 Prince George's Hospital Center

- 3.2.1 Continuously operating since 1944, Hospital Center is located in Cheverly, Maryland on a campus with approximately 44 acres of land. The physical plant consists of approximately 826,000 gross square feet, inclusive of a 220,000 square feet parking deck with 586 spaces. The facilities were originally built in 1951, with expansions in 1959, 1966, 1968, 1976 and 1995. The 1995 project involved the addition of a new intensive services pavilion. The pavilion includes a surgical suite with ten operating rooms, pre-op and post anesthesia recovery, the special procedures unit, two cardiac catheterization laboratories, and a 24-bed intensive care unit. Other major renovations at Hospital Center have included central sterile processing, the inpatient cardiac care unit, the emergency department, and the psychiatry unit. These projects were largely funded with proceeds from Dimensions' 1992 and 1994 bond issues.
- 3.2.2 The Hospital Center campus is served by several major traffic arteries connecting it to different parts of its service area. It is located along the Baltimore-Washington Parkway and is easily accessible from I-95, I-495 (the Capitol Beltway), U.S. Route 50 and Maryland Routes 202 and 450, all of which are major arteries serving Washington, D.C. and Baltimore, and Annapolis, Maryland. It is also served by the Washington, D.C. metropolitan area subway and bus system (the Metro system). In addition to the hospital buildings, the campus includes a freestanding power plant, a six-level parking deck containing approximately 546 spaces, 888 surface area parking spaces, a retail pharmacy building, and a day-care center for children of employees and the public. Gladys Spellman shares the same campus and is connected to the Hospital Center via a pedestrian bridge. The County Health Department's main facility is located immediately adjacent to the Hospital Center.
- 3.2.3 Hospital Center provides a comprehensive range of inpatient and outpatient medical and surgical services, psychiatric care, and maternal and child health services. In addition, as part of the state-wide trauma care system coordinated by the Maryland Institute for Emergency Medical Services System (MIEMSS), Hospital Center serves

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as the designated Shock Trauma Center for the area including Prince George's, Calvert, Charles, and St. Mary's Counties.

- 3.2.4 With approximately 3,000 newborn deliveries in fiscal year 2003, Hospital Center maintains the largest obstetrics service in the County. As part of this service, Hospital Center operates a Level III+ Neonatal Intensive Care Unit (NICU) and a perinatology program. Hospital Center also leases space to Mt. Washington Pediatric Hospital for a 15-bed specialty unit serving chronically ill children.
- 3.2.5 Hospital Center offers the only cardiac surgery and therapeutic catheterization (angioplasty) program in the County. Although the angioplasty component of the program has adequate volumes (400+ cases annually), the open heart surgery component has never met minimum volume standards of 200 cases annually. At the present time, a Certificate of Need review is in progress to establish a new cardiac surgery program in either Prince George's or Montgomery County. Likely applicants include Southern Maryland Hospital Center, Holy Cross Hospital, Suburban Hospital, and Shady Grove Adventist Hospital.
- 3.2.6 As of April 2004, 623 physicians were members of the medical staff at Hospital Center. Of these physicians, 86 percent were Board-certified. The average age of these physicians at that time was 51 years.

3.3 Gladys Spellman Specialty Hospital and Nursing Center

- 3.3.1 Gladys Spellman operates a three-story building with approximately 50,000 gross square feet. It was constructed in 1968 and currently houses 73 comprehensive care beds and 37 chronic hospital beds. Gladys Spellman is unique in providing the only chronic care (specialty hospital, long-term care) beds in the County. Although Gladys Spellman is a full-service nursing facility capable of providing either skilled (SNF) or intermediate (ICF) nursing care services, it is best known for treating patients with complex clinical conditions.
- 3.3.2 Dimensions is currently pursuing a Certificate of Need to expand chronic capacity at Gladys Spellman from 37 to 52 beds.

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3.4 Laurel Regional Hospital

- 3.4.1 Laurel is located in Laurel, Maryland on a campus of approximately 48 acres. The primary hospital building, constructed in 1978, is a five-story structure with approximately 250,000 gross square feet. An additional 33,000 gross square feet of space was constructed in 1995 to house a new intensive care unit and expand the emergency department and registration and waiting areas. Major renovations conducted in 1992 and 1994 addressed the telemetry unit and CCU, labor and delivery facilities, physical therapy, and rehabilitation. The psychiatry unit was renovated and expanded in 2001. This project added seven adolescent psychiatry beds and consolidated outpatient psychiatric services onto the unit.
- 3.4.2 In addition to the main hospital building, the Laurel campus includes a freestanding power plant and a facility that is leased to an unrelated freestanding magnetic resonance imaging center. Dimensions subleased certain property on its Laurel campus to permit the development of a medical office building. The site is conveniently located adjacent to the main hospital and was subleased on an arms-length basis to Laurel Physicians, Inc., a Maryland corporation wholly-owned by individual physicians who are members of the medical staff. Laurel Physicians, Inc. constructed an approximately 71,000 square-foot medical office building on the site.
- 3.4.3 The Laurel campus is located about one mile from I-95 and is near several other major traffic arteries, including the Baltimore-Washington Parkway, U.S. Route 1, and Maryland Route 198. The campus is also served by Metro bus service. Laurel is a full-service, acute care hospital that provides a wide range of medical/surgical services, obstetrics, adult and adolescent psychiatric, physical rehabilitation, and emergency services.
- 3.4.4 As of April 2004, 401 physicians were members of the medical staff at Laurel. Of these physicians, 87.7 percent were board certified. The average age of these physicians was 49 years.

3.5 Bowie Health Center

- 3.5.1 Bowie is a freestanding facility that provides hospital-level emergency care and ambulatory surgery services to the citizens of Bowie, Maryland and the surrounding areas. The Bowie campus is located in Bowie, Maryland approximately six miles east of I-495 (the Capitol Beltway), on a campus of approximately 60 acres. Of this campus, about 46 acres are included under Dimensions' lease with the County, while the other 14 acres were purchased outright in 1996. Dimensions is in the process of selling this 14-acre parcel of land. The campus is served by U.S. Route 301 and Maryland Route 197, major north/south arteries, and by U.S. Route 50, a major east/west artery.

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- 3.5.2 Bowie's main facility is a single-story structure of approximately 15,000 square feet, constructed in 1979. The exterior of the Bowie Center was renovated in 1998 to make it aesthetically consistent with the other buildings on campus. The Bowie Center currently houses an emergency department and laboratory and radiology services.
- 3.5.3 The Bowie Medical Arts Pavilion is a 50,000 gross square foot building that opened in 1998. At the present time, the Bowie Medical Arts Pavilion is fully leased, including 11,000 square feet leased by Dimensions from Affiliated Enterprises, Inc. for the ambulatory surgery center. To help raise cash, Dimensions is currently considering the sale of the Bowie Medical Arts Pavilion.
- 3.5.4 The ambulatory surgery center at Bowie has four (4) operating rooms, two (2) minor procedure/endoscopic rooms, and pre-operative, post-operative, and support space. It performed 4,862 procedures in fiscal year 2003. The market is highly competitive as physicians increasingly open their own ambulatory surgery centers.
- 3.5.5 Other projects on the Bowie campus include the development of Larkin Chase, a 120 licensed bed nursing home. Larkin Chase opened in April 1994. Dimensions has an option to purchase Larkin Chase at fair market value.
- 3.5.6 Furthermore, Dimensions and Parkside Senior Services formed Bowie Assisted Living, LLC to construct Woodward Estate, an 80-unit assisted living facility on the Bowie campus. Woodward Estate opened in March, 1999. Parkside is no longer the manager of Woodward Estate and is no longer a member of the LLC. Dimensions is in the process of selling this assisted living facility.
- 3.5.7 To support the increasing demand for physical therapy services, Dimensions also constructed a 5,000 gross square foot Therapy Center. Outpatient physical therapy services are currently provided with staff from the rehabilitation program at Laurel Regional.
- 3.5.8 Dimensions holds a Certificate of Need issued in 1973 to construct a 176 bed hospital on the Bowie campus. Dimensions believes this CON is still valid. In order to implement it, there are 13 conditions, including a requirement that the State of Maryland and the County jointly conduct a study and find a need for the hospital. Recently the Maryland Health Care Commission issued bed need projections showing the need for 110 beds in the County and 175 beds immediately in adjacent Anne Arundel County.

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3.6 Competitors

Dimensions operates in a highly competitive market place. Major competitors include: Doctors' Community Hospital, Southern Maryland Hospital Center, the Washington Hospital Center, Providence Hospital, Greater Southeast Hospital, Washington Adventist Hospital, Holy Cross Hospital, Howard County General Hospital, and Anne Arundel Medical Center. Given geography and this competitive environment there is significant out-migration from the County for inpatient hospitalization.

3.7 Financial Performance and Issues

- 3.7.1 The following table summarizes Dimensions' patient volumes over the last five fiscal years. As shown, patient admissions remained relatively constant increasing by 591 or 2.7 percent throughout this five-year period. Average lengths of stay decreased by 0.47 days, or 8.7 percent. Emergency visits increased by 14,078 or 13.1 percent. Ambulatory surgeries decreased by 994, or 5.9 percent. This is likely due to surgeons and managed care companies shifting care outside of hospitals.

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3.7.2 Summary of Dimensions' Patient Volumes

	Actual FY 1999	Actual FY 2000	Actual FY 2001	Actual FY 2002	Actual FY 2003
Admissions (Including Newborns)					
Hospital Center	17,392	17,611	17,497	18,422	18,106
Laurel	7,810	7,687	7,599	7,815	7,914
Spellman	187	192	307	333	193
Total Admissions	25,389	25,490	25,403	26,570	26,213
Days (Including Newborns)					
Hospital Center	89,420	84,858	85,600	84,926	82,600
Laurel	39,213	35,126	36,600	38,706	37,643
Spellman	37,933	35,511	35,359	36,707	37,607
Total Days	166,566	155,495	157,559	160,339	157,850
ALOS (Including Newborns)					
Hospital Center	5.14	4.82	4.89	4.61	4.56
Laurel	5.02	4.57	4.82	4.95	4.76
Total ALOS	5.10	4.74	4.87	4.71	4.62
Emergency Visits					
Hospital Center	57,285	60,096	57,690	58,408	52,249
Laurel	32,585	34,768	36,834	38,554	37,040
Bowie	17,887	26,438	31,567	33,786	32,546
Total Emergency Visits	107,757	121,302	126,091	130,748	121,835
Ambulatory Surgeries					
Hospital Center	7,702	6,988	7,045	6,381	6,274
Laurel	5,352	5,351	5,181	4,857	4,657
Bowie	3,733	3,492	3,941	5,432	4,862
Total Ambulatory Surgeries	16,787	15,831	16,167	16,670	15,793

3.7.3 During the same five fiscal year period, Dimensions' total operating revenues increased \$63.8 million, or 25.7 percent, while total expenses increased \$62.7 million, or 24.6 percent. Total losses over the five fiscal years amounted to \$52.4 million.

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3.7.4 Summary of Dimensions' Financial Performance

	Actual FY 1999	Actual FY 2000	Actual FY 2001	Actual FY 2002	Actual FY 2003
Net Patient Service Revenue					
Hospital Center	\$148,143	\$150,850	\$167,823	\$184,312	\$185,164
Laurel	\$58,845	\$62,264	\$66,087	\$72,928	\$71,124
Spellman	\$9,858	\$10,912	\$14,615	\$15,721	\$16,483
Bowie	\$8,493	\$11,111	\$12,581	\$13,779	\$14,717
Other	\$13,469	\$8,782	\$9,804	\$10,654	\$12,872
Total	\$238,808	\$243,919	\$270,910	\$297,394	\$300,360
Total Operating Revenue					
Hospital Center	\$155,474	\$155,089	\$172,200	\$192,606	\$192,351
Laurel	\$59,224	\$62,944	\$66,629	\$74,177	\$71,763
Spellman	\$9,984	\$10,996	\$14,702	\$15,850	\$16,566
Bowie	\$8,517	\$11,154	\$12,609	\$13,870	\$14,756
Other	\$14,942	\$10,960	\$12,498	\$14,425	\$16,518
Total	\$248,141	\$251,143	\$278,638	\$310,928	\$311,954
Total Expenses					
Hospital Center	\$158,643	\$170,857	\$180,715	\$198,427	\$197,439
Laurel	\$63,165	\$66,574	\$69,507	\$76,140	\$75,353
Spellman	\$9,259	\$9,901	\$12,282	\$14,619	\$15,300
Bowie	\$8,105	\$10,139	\$11,168	\$12,208	\$13,359
Other	\$15,900	\$11,656	\$12,847	\$13,909	\$16,373
Total	\$255,072	\$269,127	\$286,519	\$315,303	\$317,824
Net Income					
Hospital Center	(\$3,169)	(\$15,768)	(\$8,515)	(\$5,821)	(\$5,088)
Laurel	(\$3,941)	(\$3,630)	(\$2,878)	(\$1,963)	(\$3,590)
Spellman	\$725	\$1,095	\$2,420	\$1,231	\$1,266
Bowie	\$412	\$1,015	\$1,441	\$1,662	\$1,397
Other	(\$958)	(\$696)	(\$349)	\$516	\$145
Net Income (Ongoing Operations)	(\$6,931)	(\$17,984)	(\$7,881)	(\$4,375)	(\$5,870)
Discontinued Operations	(\$9,341)	\$1,000	--	--	--
Net Income	(\$16,272)	(\$16,984)	(\$7,881)	(\$4,375)	(\$5,870)

3.7.5 Dimensions' fiscal year 2003 audit by Ernst & Young included a "going concern emphasis added" paragraph. For fiscal year 2004 through April, Dimensions has a \$1.4 million loss, inclusive of a \$5.0 million grant from Prince George's County

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- 3.7.6 With respect to financial liquidity, the losses over the past five years have drained Dimensions' resources. Current financial statements show approximately five days cash on hand. Dimensions' existing long-term debt of approximately \$84 million has a "junk bond" rating.
- 3.7.7 The pension plan covering Dimensions' employees has experienced difficulties due to the decline in the stock market over the last several years. According to Dimensions' actuaries, the pension plan will require over \$25 million in funds over the next two years. Upon receipt, the \$5 million grant from Prince George's County was immediately deposited into the Pension Plan.
- 3.7.8 Financial assistance proposed for Dimensions under the Memorandum of Understanding consists of \$45 million over the next five years. Prince George's County Executive Jack Johnson has committed \$30 million, of which \$10 million is committed this year and \$5 million is proposed for each subsequent year through FY 2008 subject to budget availability. In addition, the HSCRC has approved a one-year rate increase of 3.2 percent for Dimensions. This rate increase will generate approximately \$10 million. Governor Ehrlich has also supported for a \$5.0 million State bond bill for Prince George's Hospital Center in the 2004 Maryland legislative session. These bond funds will be used for critical infrastructure needs and to renovate and modernize patient care units.

IV. PROJECT SCOPE

4.1 Overview

- 4.1.1 The Project calls for two principal tasks that are separate but interrelated: development of a Financial Action Plan and a Recovery and Restructuring Plan. The Proposal should address both tasks and demonstrate how the Financial Action Plan will contribute to the effective completion of the Recovery and Restructuring Plan.
- 4.1.2 The Proposal should also indicate the Contractor's preparedness to provide ongoing management advice to Dimensions management during the course of the engagement.

4.2 Financial Action Plan

The Proposal shall include an appropriate series of tasks that will allow it to make recommendations to the Committee for immediate improvement of Dimensions' financial position. The tasks should include, but are not limited to, assessments of Dimensions':

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- 4.2.1 Finances. Examine reports, assessments, and financial statements, including but not limited to the reports referenced in section 4.6 of this RFP, to determine Dimensions' current financial position and recommend improvements. Activities may include:
- Review of cash management processes to identify opportunities to accelerate cash flow and reduce cash outflow.
 - Evaluation of accounts receivable for potential near term and one time collection opportunities.
- 4.2.2 Physician Staffing. For all Dimensions-managed facilities, evaluate and make recommendations concerning:
- Physician staffing levels, and whether the use of agency staffing, house staff, or independent physicians is most appropriate;
 - How patients' waiting time may be affected by recommended changes in physician staffing levels;
 - Physician compensation;
 - Physician productivity;
 - The adequacy of payment sources (e.g., Medicaid) for physician services; and
 - Physician subsidy payments for Emergency Services, Trauma, Laboratory, Radiology, and Psychiatry.
- 4.2.3 Staffing patterns – Evaluate and make recommendations concerning, both for Dimensions overall and for each of its component facilities, organizational structure and productivity to separately determine, for direct care and for management/administrative staff:
- How staffing levels compare to those of non-Dimensions facilities of similar size and location, with similar patient mix and service mix;
 - On a departmental basis, whether staffing levels (i.e., patient to staff ratios) are appropriate to work loads; and
 - The effect of staffing levels on patients' waiting time.
- 4.2.4 Case management and utilization review. Evaluate the effectiveness of Dimensions' case management and utilization review practices.

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- 4.2.5 Contracting practices. Evaluate Dimensions' contracts, contracting practices, and contracting policies and procedures.
- 4.2.6 Other areas for analysis. As appropriate, the Contractor should identify and provide recommendations for improvement in other aspects of hospital performance (e.g., billing and collection practices, executive management structure, etc.) that may affect financial performance.

4.3 Recovery and Restructuring Plan

Dimensions Healthcare System faces a series of challenges that limit its ability to operate in a financially viable manner. A central element of this engagement is the development of a Recovery and Restructuring Plan for Dimensions that addresses the fundamental issues limiting the success of the institutions in the system.

The following elements shall be addressed in the Recovery and Restructuring Plan (the Plan):

- 4.3.1 Strategic Business Plan. The Contractor shall develop, as part of the Recovery and Restructuring Plan, a long-term strategic business plan that addresses specifically each of the facilities that make up Dimensions Healthcare System. The strategic business plan shall include recommendations, for each Dimensions-managed facility, as to optimal size, service mix, and staffing levels to enable them to operate as viable institutions that meet the needs of the community. In formulating the long-term strategic business plan, the Contractor shall consider:
- Potential modifications of Dimensions' and the facilities' missions to better serve the community's needs and improve financial viability;
 - Projections of the area population's future health care needs, including long-term bed need, and health care issues the area population are likely to face in the future;
 - The appropriateness of forming linkages between Dimensions-managed facilities and area medical schools; and
 - Other relevant factors, including the use of hospital emergency departments for primary care and the possibility of instituting lower-cost alternatives.
- 4.3.2 Governance Issues. The Plan shall address the governance structure of Dimensions including the requirements of the lease arrangement with Prince George's County,

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- and suggest changes that would better enable the facilities that make up Dimensions to accomplish their mission.
- 4.3.3 *Management Structure.* The Plan shall address the system-wide management structure of Dimensions Healthcare System, as well as the facility-specific management structures that oversee each of the facilities that make up Dimensions Healthcare System. The Plan shall also recommend any changes that it believes will improve the long-term viability of either Dimensions as a whole or its constituent facilities.
- 4.3.4 *Clinical services* - Provide a comprehensive analysis, by specialty area, of services currently provided by Dimensions-managed facilities and evaluate the costs and benefits of providing them. The analysis should include consideration of the appropriateness and convenience of these facilities with respect to services delivered. Indicate how the costs of providing services at Dimensions-managed facilities compared to the costs of providing similar services at similar facilities that are not managed by Dimensions.
- 4.3.5 *Contracts review.* The Plan should include a review of all contractual relationships, including, but not limited to physician, vendor, equipment, managed care, and out-sourced services to determine if the relationships are appropriate and/or could be improved for cost savings.
- 4.3.6 *Sale and/or Merger of System Assets.* Any recommendation for the sale or merger of system assets shall be accompanied by an explanation of how such action will support the long-term strategic plan.
- 4.3.7 *Options for long-term system financing and recapitalization.* The Plan shall address in detail the long-term capital and financing needs of the facilities that make up Dimensions Health System. The Plan should address:
- The amount of capital needed;
 - Options for obtaining that capital; and
 - The need for long-term subsidies from State and local governments, and the proportions of that funding.
- 4.3.8 *Implementation projections.* The Plan shall include, for each Dimensions-managed facility, a proposed schedule for implementing the Plan's recommendations.

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4.4 Management Consulting

During the course of the engagement, the Contractor shall provide ongoing management advice to Dimensions management.

4.5 Project Duration and Schedule

- 4.5.1 Engagement Start Date. The engagement will begin on the date specified in the contract to be executed by the parties pursuant to section 5.7 of this RFP.
- 4.5.2 Deadline for Completion of the Project. All tasks required by the RFP, the Contract executed pursuant to section 5.7 of this RFP, or included in the Proposal must be completed within six months of the start of the engagement.
- 4.5.3 Financial Action Plan Schedule. During the term of the engagement and, upon the Committee's request, for up to six months thereafter, the Contractor shall present a status report concerning its information-gathering and assessment activities, along with recommendations for changes to Dimensions' operations and practices, at each scheduled meeting of the Oversight Committee (which will be held on roughly a monthly basis). After the Contractor presents recommendations to the Committee and the Committee has approved them, the Contractor shall present the recommendations approved by the Committee to Dimensions' Board of Directors.
- 4.5.4 Recovery and Restructuring Plan Schedule. The Contractor shall develop the Recovery and Restructuring Plan through a series of drafts that the Contractor will present to the Committee. From the start of the engagement, the Contractor shall submit drafts of the Plan in accordance with the following schedule:

Preliminary Plan to the Committee	100 days
Proposed Plan to the Committee	130 days
Confidential Final Plan to the Committee	160 days
Final Plan released to public*	190 days

*The Final Plan released to the public will be the Confidential Final Plan, redacted by Dimensions in consultation with the Committee, the County, and the State.

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4.6 Other Analyses Available to the Consultant

- 4.6.1 *MHHEFA Analysis.* The May 5, 2004 rate order issued by the Maryland Health Services Cost Review Commission (the Commission) for Dimensions Healthcare System directed that a basic financial assessment of the Dimensions Healthcare System be undertaken by the Maryland Health and Higher Educational Facilities Authority (MHHEFA), or other party acceptable to the Commission or its staff, within 30 days following the issuance of this Temporary Rate Order.

The MHHEFA assessment is currently underway and is scheduled for completion prior to the start of this engagement. All results of the MHHEFA engagement will be available to the Contractor engaged by Dimensions pursuant to this RFP. Dimensions and the Committee are concerned that the efforts of its Contractor do not duplicate those of the vendor engaged by MHHEFA.

- 4.6.2 *Other Analyses.* Over the past several years a number of analyses and studies have addressed various aspects of Dimensions operations. These reports should provide the contractor with useful baseline information for its analysis. These reports include:

- Cap-Gemini Report. Dimensions retained Cap Gemini in 1999 to examine and make recommendations on a number of aspects of hospital performance.
- The Prince George's Hospital System Improvement Task Force. The Maryland General Assembly established the Task Force in 2002. It consisted of 22 members selected because of their expertise in finance, health care, or State and local government. The Task Force issued its final report in December 2002;
- Dimensions Healthcare System Review. This report was prepared in September 2003 by Shailender Gupta, CPA, PhD, for Prince George's County Executive Jack Johnson; and
- "Assessment and Recommendations for Improving Dimensions Health Corporation," January 8, 2002 PowerPoint presentation prepared by the University of Maryland Medical System.

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4.7 Contract Purpose and Accountability

The purpose of the contract awarded pursuant to this RFP is to secure for the Committee expert advice and recommendations to meet the goals of the MOU. This RFP, consistent with the terms of the MOU, assigns authority and accountability for the Project's coordination, implementation and oversight as follows:

- 4.7.1 Upon the Committee's approval, Dimensions shall retain the Contractor, and pay the Contractor in accordance with the terms of the Contract, the Proposal, and this RFP.
- 4.7.2 Dimensions, through the Project Coordinator, shall provide day-to-day Project coordination and shall cooperate fully with the Contractor.
- 4.7.3 The Contractor shall report to the Committee on a regular basis, through the Contract Manager or directly to the Committee, as appropriate.
- 4.7.4 The Committee is responsible for reviewing and evaluating the Contractor's recommendations and overall performance.

4.8 Contract Manager and Project Coordinator

- 4.8.1 Contract Manager. The Contract Manager, representing the Oversight Committee, is Mr. John O'Brien. The Contract Manager will be responsible for the ongoing oversight of the Contract and coordination of the Contractor with the Committee.
- 4.8.2 Project Coordinator. The Project Coordinator, representing Dimensions, will be responsible for the on-site, day-to-day Project coordination with the Contractor. The Project Coordinator of the Project includes:
 - Mr. Patrick Mutch, Dimensions' President and Chief Executive Officer; and
 - Mr. Noel Cervino, Dimensions' Executive Vice President and Chief Financial Officer.

4.9 Project Manager

The Project Manager will serve, on behalf of the Contractor, as its primary point of contact regarding all matters relating to the engagement.

4.10 Available Documents and Materials

Dimensions will provide to the contractor all available information and data that may be helpful to the project, including the existing strategic plan, Certificate of Need

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applications, financial information, HSCRC rate information, utilization and market data, and competitive information.

V. PROPOSAL SUBMISSION AND SELECTION PROCESS

5.1 Technical Proposal

- 5.1.1 *Tasks and Work Plan.* The Proposal shall contain the Offeror's proposal to perform the services described in Part IV of this RFP and shall include a detailed work plan describing how the work shall be carried out (including processes for data collection and analysis). The work plan shall include an estimate of the time required to complete each component of the work.
- 5.1.2 *Project Team.* The Proposal shall identify by name and title:
- The Project Manager for the Project; and
 - Each additional individual who will perform any part of the services described in Part IV of this RFP, identifying which of these services the individual will perform.
- 5.1.3 *Project Team Qualifications and Experience.* The Proposal shall include, for each key Project team member proposed, a statement describing the individual's qualifications and experience relevant to the services to be performed by the individual in connection with the Project.
- 5.1.4 *Project Team References.* The Proposal shall include three references for each key Project team member proposed. Each reference shall relate to an engagement in which the individual was directly involved. References should relate to projects as similar as possible to the Project that is the subject of this RFP.
- 5.1.5 *Project Team – Letters of Commitment.* The Proposal shall include a Letter of Commitment executed by each key Project team member proposed, indicating the individual's commitment to participate in the Project and provide services consistent with the Proposal and Part IV of this RFP until the Project is concluded.
- 5.1.6 *Offeror's Qualifications and Experience.* The Proposal shall include a statement of the Offeror's qualifications and experience relevant to the Project.
- 5.1.7 *Offeror's References.* The Proposal shall include three references from clients of the Offeror that relate to engagements similar to the Project that is the subject of this RFP.

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5.2 Business Proposal

5.2.1 Hourly Rates. The Proposal shall state the hourly labor rate proposed for the Project Manager and for each additional individual identified in response to subsection 5.1.2 of this RFP.

5.2.2 Format. The Contractor shall include separate pricing specifications in its Business Proposal as indicated below:

- For the Proposal's Work Plan, separately price each distinct major task identified in the plan;
- For the Financial Action Plan portion of Part IV of this RFP, separately price each constituent distinct task as appropriate and consistent with the Proposal's Work Plan.
- For the Recovery and Restructuring Plan portion of Part IV of this RFP, separately price each constituent distinct task as appropriate and consistent with the Proposal's Work Plan.

5.2.3 Direct Services Budget. The Proposal shall provide a budget estimating:

- The amount of time each member of the Project Team will spend on each major task identified in response to subsection 5.1.1 of this RFP;
- Based on the proposed hourly rate:
 - The total fees of the Contractor to complete each major task identified in response to subsection 5.1.1 of this RFP; and
 - The total fees of the Contractor to complete the Project.

5.2.4 Direct Expense Budget. The Proposal shall provide a budget for direct expenses that the Contractor anticipates in connection with the Project, which shall include the expense type, purpose, and amount. To the extent practicable, the Proposal's Direct Expense Budget shall be presented separately for each major task as identified in response to subsection 5.1.1 of this RFP.

5.2.5 Maximum Cost. The overall cost of the Contract may not exceed \$2 million.

5.3 Revisions to the RFP

If it becomes necessary to revise this RFP before the Proposals' due date, amendments will be provided to all prospective offerors who were sent this RFP or who are otherwise known by the Contract Manager to have obtained this RFP. Amendments made after the

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due date for Proposals will be sent only to those Offerors who submitted a Proposal meeting the requirements of section 5.8 of this RFP.

5.4 Inquiries

- 5.4.1 Questions and requests for clarification in connection with this RFP shall be in writing and submitted on or before June 18, 2004 to the Contract Manager at the following address:

John O'Brien,
Staff Coordinator
Dimensions Oversight Committee
c/o CHPDM/UMBC
1000 Hilltop Circle
Baltimore, MD 21250
410-455-6845
jobrien@chpdm.umbc.edu

- 5.4.2 Inquiries submitted to the Contract Manager should relate directly to this RFP. Answers to respondents' questions will be distributed to all RFP recipients.
- 5.4.3 No answers will be provided for questions and requests for clarification submitted later than June 18, 2004.

5.5 Evaluation Process

- 5.5.1 *Proposal Due Date.* Proposals are due on or before 3:00 p.m. on July 2, 2004. Proposals submitted late or with fewer than the required 15 copies will not be considered.
- 5.5.2 *Rejection of Proposals.* In its sole discretion, the Oversight Committee reserves the right to reject all proposals if none satisfactorily meet the requirements set forth in this RFP or if the planning process is delayed or cancelled for any reason.
- 5.5.3 *Initial Review.* Each proposal submitted in accordance with section 5.8 of this RFP initially will be reviewed by the Contract Manager. Based on his evaluation of the Proposals using the criteria set forth in section 5.6 of this RFP, the Contract Manager will make recommendations to an Evaluation Subcommittee (the Subcommittee), appointed from the Committee's membership for this purpose by the Committee Chairman.
- 5.5.4 *Subcommittee Review.* The Subcommittee will review and evaluate the Proposals recommended by the Contract Manager, which may include all the Proposals

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submitted pursuant to section 5.8 of this RFP or may be limited to a smaller number thereof. Based on their evaluation of the Proposals using the criteria set forth in section 5.6 of this RFP, the Subcommittee will recommend one or more proposals for review by the full Committee.

5.5.5 *Presentation to Committee.* The Offeror may be asked to make an oral presentation of its proposal to the Committee and answer questions.

5.5.6 *Committee Review.* The Committee will evaluate all Proposals the Subcommittee recommended for its review pursuant to subsection 5.5.4 of this RFP by application of the criteria set forth in section 5.6 of this RFP.

5.5.7 *Committee Recommendation.* The Committee will recommend that Dimensions retain the Offeror whose Proposal best meets the criteria set forth in section 5.6 of this RFP.

5.6 Evaluation Criteria

The award of the Contract hereunder will be made to the Offeror whose Proposal best demonstrates the following factors, which are listed in order of importance by subsection:

5.6.1 *Proposed Project Team's Experience- Depth and Relevance.* The depth of the proposed Project Team's experience will be measured on the basis of the number of relevant engagements in which team members participated, and the extent to which the engagements had successful outcomes. Past engagements will be considered relevant in direct proportion to their similarity to the Project that is the subject of this RFP. Elements of similarity that would contribute to the relevance of a past engagement include, for example:

- Its comprehensive scope, (e.g., covering financial and operational evaluation of all departments of hospital system and all factors relevant to its financial recovery and long-term viability);
- The seriousness of the financial difficulties (i.e., continued operations in jeopardy);
- The portion of the hospital's work force that was subject to collective bargaining agreements;
- The hospital system's size, geographic placement, case mix, and service mix; and
- Knowledge of the Maryland's hospital rate setting process and the Maryland regulatory environment.

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5.6.2 Offeror's Relevant Experience- Depth and Relevance. The depth of the Offeror's experience will be measured on the basis of the number of the Offeror's past relevant engagements, and the extent to which the engagements had successful outcomes. The Offeror's experience based on past engagements will be considered relevant in direct proportion to its similarity to the Project that is the subject of this RFP. Elements of similarity contributing to the relevance of a past engagement include the elements set forth in section 5.6.1 of this RFP.

5.6.3 The Quality of the Technical Proposal and the Work Plan.

5.6.4 Price.

5.7 Contract Award.

At the conclusion of the selection process set forth in section 5.5 of this RFP, a Contract will be executed between the parties based upon the terms and conditions stated in this RFP and such other terms and conditions as are required or deemed necessary by the Committee and Dimensions. The engagement will begin on the date specified in the Contract.

5.8 Document Requirements and Submission Instructions

5.8.1 Typing Requirements. The Proposal's typeface may not be smaller than 12 point, and all pages must have margins of at least one inch on all sides. Line spacing may not be closer than standard single-spacing.

5.8.2 Technical Proposal – 25 Page Limit. The Technical Proposal (exclusive of resumes and references, which are not counted towards the page limit) may not exceed 25 pages.

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5.8.3 *Submission of Proposal.*

Please submit fifteen (15) copies of your firm's response to the RFP by 3:00pm (EST) July 2, 2004 to the Contract Manager, at the address specified below:

John O'Brien,
Staff Coordinator
Dimensions Oversight Committee
c/o CHPDM/UMBC
1000 Hilltop Circle
Baltimore, MD 21250
410-455-6845
jobrien@chpdm.umbc.edu

All proposals and any supporting information submitted in response to this RFP become the property of Dimensions. All costs associated with preparation of proposals shall be borne by the vendor and are not reimbursable by Dimensions, or its affiliates, representatives, or employees.

Any questions about the RFP should be directed to the Contract Manager no later than June 18, 2004, as specified in section 5.4 of this RFP.