

Beaufort Regional Health System					
Executive Summary - Summary of RFP Proposals					
Exhibit B					
	<i>University Health Systems of Eastern Carolina, Inc.</i>	<i>Community Health Systems, Inc.</i>	<i>Brim Healthcare, Inc.</i>	<i>LHP Hospital Group, Inc.</i>	
Proposal Type	Lease	Lease	Management Services Agreement	Lease	Joint Venture (80/20)
Term Length	20 Years (<i>Part I.A., pg. 29</i>)	30 Years (<i>Tab I, pg. 1</i>)	3 Years (<i>Tab 6, pg. 1</i>)	30 Years (<i>pg. 5</i>)	Indefinite
Renewable	N/A	Two 10-year terms (<i>Tab I, pg. 1</i>)	2 Years (<i>Tab 6, pg. 1</i>)	Two 10-year terms (<i>pg. 5</i>)	N/A
Leased Assets	The operations and assets of the Hospital (including its related joint ventures, land and buildings) and Physician Practices (<i>pg. 29</i>)	The land, buildings and equipment of Hospital (<i>pg. 1</i>)	N/A	The business operations of Hospital, the physician practices, joint ventures, any assets not specifically retained by BHRS, net working capital, rights, privileges and interests necessary to the continued operations of the business operations. Net working capital is defined as net patient A/R, supply inventory, prepaid expenses, other current assets less accounts payable less accrued expenses. (<i>pg. 4</i>)	N/A
Purchased Assets	N/A	See Exhibit A-1 to Response	N/A	N/A	N/A
Excluded Assets (from Lease or Purchase)	Not Specified	Cash and cash equivalents, Board-designated, restricted and trustee-held or escrowed funds, beneficial interests in charitable trusts, and accrued earnings on all of the foregoing, cost report settlement accounts, other receivables and other assets, the land, buildings and equipment related to the Hospital. (<i>Exhibit A-2</i>)	N/A	Cash, cash equivalents and investments, certain non-assumable current assets such as prepaid insurance, and all Foundation assets. Also excludes the assumption of liabilities not listed above including debt, liabilities for professional liability and malpractice claims related to periods prior to closing, Medicare/Medicaid cost report receivables/payables, and capitalized leases other than those included in the definition of working capital. (<i>pg. 4</i>)	N/A

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Proposal Amount	\$18.1M prepaid lease payment (either in cash consideration, or debt assumption) (Part 1.A., pg. 29)	\$30.0M prepaid lease payment (Tab I, pg. 1)	To be determined through the Brim Assessment Process and discussions with the Board of Directors. A starting point is typically 1-3% of Net Patient Revenue (payable to Brim Healthcare) (Tab 6, pg. 1)	\$22.0M (pg. 5)	LHP will contribute \$24.0M cash for 80% interest in new JV ; BRHS to contribute its land, facilities, equipment, operations & net working capital to the JV at a valuation of \$22.0M; BRHS to immediately receive a \$16.0M cash distribution at closing to help satisfy debts/liabilities. BRHS net ownership interest in new JV is 20% (\$22.0M - \$16.0M = \$6.0M net contribution). Net cash position of JV post-closing is \$8.0M, debt-free. (pg. 17)
Capital Investment	\$21.0M (minimum commitment) over first five years (Part 1.A., pg. 29)	\$25.0M over first five years (Tab I, pg. 12)	Not Specified	\$20.0M over 10 years (pg. 12)	After the initial capitalization, funding for capital expenditures and other cash needs will be secured by the JV in the following order of priority: (i) cash that is available at closing; (ii) cash available from ongoing operations of the JV; (iii) loans from LHP on terms mutually agreeable to LHP and the JV; (iv) loans from third party lenders; and (v) pro-rata cash contributions from the owners to the JV. (pg. 18)
JV Put Option	N/A	N/A	N/A	N/A	After the first year and up until the end of the 5th year following the joint venture formation, BRHS will have the right to sell its ownership interest to LHP at FMV. (pg. 20)
JV Purchase Option	N/A	N/A	N/A	N/A	Up to 5 years following the joint venture formation, BRHS will have the right to purchase up to 40% of the joint venture at FMV. (pg. 20)

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First Right of Refusal	N/A	N/A	N/A	N/A	In the event that LHP or BRHS receives a bona fide offer from an unrelated third party to purchase its ownership interest in the JV, the non-selling party will have a "First Right of Refusal" to purchase such ownership interest for a price equal to the amount offered by such third party. (pg. 20)
Working Capital	UHS will <u>assume</u> BRHS' current assets and liabilities as of the date of execution of the lease, including cost report liabilities and other third-party payables recognized on the BRHS balance sheet. (Part 1.A, pg. 29)	Will <u>purchase</u> BRHS Net Working Capital (defined as assumable prepaid expenses + usable inventories and supplies + patient A/R - accounts payable - accrued salaries - accrued vacation and holiday pay). (Tab I, pg. 12; Exhibit B)	N/A	N/A	N/A
Asset Ownership at End of Term	At the expiration of the term of the lease, <u>UHS will be entitled to full and complete transfer of title and ownership of the leased assets</u> for no additional consideration. (pg. 24, pg. 29)	<u>BRHS will retain ownership</u> of its assets; however, BRHS to reimburse CHS for the net book value of any pre-approved capital expenditures made by CHS within five (5) years of lease termination. (Tab I, pg. 1)	N/A	Not specified; we assume that due to the renewal options structure, BRHS will retain ownership of its assets. (pg. 5)	N/A
Treatment of BRHS's Debt	UHS will assume BRHS's long-term debt of \$18.1 million only if no prepaid lease consideration is paid upfront. (Part 1.A., pg. 29)	With the exception of the working capital debts assumed by CHS, BRHS must pay off all debt with lease proceeds. (Tab I, pg. 1)	N/A	Assumes BRHS will pay off debt at closing with lease proceeds. (pg. 5)	Assumes BRHS will pay off all debt with joint venture proceeds. (pg. 16)
Early Termination Provision	Not Specified	Not Specified	Not Specified	LHP would receive a refund for any unearned rent remaining from the initial lease prepayment. (pg. 5)	N/A

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Management Services	N/A	N/A	Brim provides a comprehensive package of services through an inclusive management fee. Key services included in the Management Services Agreement include supply savings, financial reporting systems, best practices, strategic planning, quality improvement, organizational leadership, clinical resources management, JCAHO readiness, education and billing and collections services. A comprehensive listing of management services to be provided is set forth in the Proposal. (Tab 1, pg. 5; Tab 3, pg. 1)	N/A	The JV CEO will be an LHP employee who is accountable to the JV Board of Directors. An affiliate of LHP will be named manager and will provide day-to-day full service management via a management agreement with the JV, for a fee equal to 3% of JV net revenue. The services provided in the management agreement will include among others; corporate oversight and operational support, reimbursement services, purchasing and supply chain services, business planning, quality and resource management, human resource support, facility planning, legal, real estate and more. Although LHP staff will provide planning and oversight for information services and risk management as part of the management fee, the direct cost of information services (i.e. hardware, software, programming, and implementation) and direct insurance costs are not included in this fee and would be paid directly by the hospital. The management agreement will have an initial term of 5 years and would be automatically renewed for additional 5-year terms unless the JV is dissolved. (pg. 19)

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Corporate Governance	7-member board from East Carolina Health, the UHS subsidiary that operates the System's community hospitals, will govern BRHS. However, a local Directors Council will be appointed, and the Council's Chairperson and the hospital's Chief of Staff will be ex-officio non-voting members of the ECH Board. (Part 1.H., pg. 69)	12-member Hospital board (100% local community residents and leaders, including the Hospital's CEO and Chief of Staff. BRHS would have its own independent board. BRHS has option of one Hospital board seat during first 5 years. CHS' corporate board and the local Hospital board would have no relation. (Tab I, pg. 2)	BRHS will retain its current board, which will choose the hospital's new CEO and CFO (both of whom will be employees of Brim). (Tab I, pg. 4)	12-member local Board of Trustees for the leased operations, appointed by LHP comprised of 50% physicians from the medical staff and 50% local community leaders. (pg. 6)	10-member board for Joint Venture (50% LHP/50% BRHS); 12-member hospital board (50% physicians/50% local community leaders) (pg. 18-19)
Employee Retention	Employees' hospital service years will be recognized for all benefits. Hospital employees will receive credit for prior years of service for eligibility and vesting in defined contribution plans for which they are eligible, as well as PTO accrual UHS will review overall staffing plans at BRHS using metrics and targets based on national standards. UHS also uses outside consultants to help set targets and metrics. (pg. 61)	CHS will hire all active employees in positions and at seniority and compensation levels consistent with those being provided today. (Tab I, pg. 4)	Not Specified	Will hire all active employees at their current salaries and honor the terms of their employment contracts. (pg. 14)	LHP will hire all active employees of BRHS at their current salaries and honor the terms of their employment contracts. LHP will lease back these employees to the JV at cost. (pg. 19)
Physician Recruitment	Will recruit new physicians based on the hospital's strategic plan (Part 1.B, pg. 37)	CMS intends to budget \$2.0M for physician recruitment during the first 5 years. (Tab I, pg. 10)	Will recruit new physicians based on the hospital's strategic plan; a contingency based fee will be charged for this service. Such fee is less than half of what other physician recruiters charge for similar services (Tab I, pg. 7)	Will commit to a physician recruitment plan, approved by BRHS' Board, based upon community, physician and BRHS input and needs. (pg. 5)	Will commit to a physician recruitment plan based on community & hospital needs. (pg. 12)

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Indigent Care	Will commit to a charity care program consistent with historical charity care practices of BRHS (<i>Part I.A., pg. 32</i>)	CHS will follow all NC laws regarding charity care and will commit to a charity care program consistent with historical charity care practices of BRHS. (<i>Tab I, pg. 3</i>)	Not Specified	Will commit to a charity care program consistent with historical charity care practices of BRHS (<i>pg. 6</i>)	Will commit to a charity care program consistent with historical charity care practices of BRHS (<i>pg. 20</i>)
Guarantees	Depending on the structure of BRHS agreements with Beaufort County and related state statutes, UHS would also be willing to guarantee payment of payments to the County scheduled debt service (<i>pg. 47</i>)	CHS obligations to be guaranteed by CHS/Community Health System, Inc., an indirect parent corporation with more than \$2.0 billion in stockholders' equity. (<i>Tab I, pg. 1</i>)	Not Specified	Not Specified	Not Specified