

STATE OF NEW HAMPSHIRE DEPARTMENT OF HEALTH AND HUMAN SERVICES DIVISION OF COMMUNITY BASED CARE SERVICES

Nicholas A. Toumpas Commissioner

Nancy L. Rollins Associate Commissioner BUREAU OF BEHAVIORAL HEALTH

105 PLEASANT STREET, CONCORD, NH 03301 603-271-5000 1-800-852-3345 Ext. 5000 Fax: 603-271-5058 TDD Access: 1-800-735-2964

September 1, 2013

Her Excellency, Governor Margaret Wood Hassan and the Honorable Council State House Concord, NH 03301

Requested Action

- 100% General Funds
- 1. Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Behavioral Health, to enter a sole source agreement with LRGHealthcare (LRGII), 80 Highland Street, Laconia, NH 03246, vendor number 177161, to fund start-up costs for the Designated Receiving Facility that LRGH is opening at Franklin Regional Hospital in an amount not to exceed \$850,000 for the period beginning October 1, 2013, or date of Governor and Council approval, whichever is later, through June 30, 2014.
- 2. Contingent upon the acceptance of Requested Action #1, authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Behavioral Health, to enter into an agreement with LRGHealthcare (LRGH), 80 Highland Street, Laconia, NH 03246, vendor number 177161, whereby LRGH will repay the funding provided in Requested Action #1 in equal installments over fifteen (15) years. This agreement will be effective October 1, 2013, or date of Governor and Council approval, whichever is later, through June 30, 2029.

Funding for Requested Action #1 is available in the following account in State Fiscal Year 2014:

05-95-92-920010-5945 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: BEHAVIORAL HEALTH DIV OF, DIV OF BEHAVIORAL HEALTH, CMH PROGRAM SUPPORT

Class/Object 101-0731

Class Title

Contracts for Program Services

Activity Code 92200003

FY14 \$ 850,000

Explanation

Per Requested Action #1, the Bureau of Behavioral Health seeks approval to make payments to LRGH to cover the start-up costs to open a Designated Receiving Facility (DRF) at Franklin Regional Hospital, 18 Aiken Avenue, Franklin, NH 03235. Start-up costs will include structural renovations to Franklin Hospital necessary to meet the licensing standards for a psychiatric facility; the recruitment and training of qualified staff; the development of policies, procedures and protocols; and the purchase of specialized furniture and furnishings appropriate to a psychiatric unit. A Designated Receiving Facility is a hospital-based psychiatric unit designated by the Commissioner to provide care, custody and treatment to persons involuntarily admitted to the state mental health services system. The Bureau chose to make this sole source agreement in the face of a growing problem in emergency rooms across the state. LRGH came forward with the willingness and ability to open up a 10-bed unit in a relatively short amount of time.

Her Excellency, Governor Margaret Wood Hassan and the Honorable Council September 1, 2013 Page 2

Improving New Hampshire's mental health system was one of the priorities of the State Budget passed in June of this year. One of the key components to improvement, and a pillar of the Department's Ten-Year Plan "Addressing the Critical Mental Health Needs of NH's Citizens", was the opening of another Designated Receiving Facility in the state. Currently New Hampshire is dealing with a much-publicized crisis of citizens in need of emergency inpatient psychiatric care waiting for extended periods in the emergency rooms of general hospitals for a bed to become available at New Hampshire Hospital. This situation has exposed patients and staff to dangerous conditions. The opening and operation of a Designated Receiving Facility will reduce wait times by providing ten additional beds for persons needing emergency psychiatric care. It is anticipated that 600 people with mental illness will be served annually.

Per Requested Action #2, this contract requires LRGH to repay to the State the start-up funding authorized in Requested Action #1. Repayment will be made in fifteen (15) equal installments over a fifteen (15) year period.

If this contract is not approved, NH citizens in need of acute inpatient psychiatric care will continue to wait in general hospital emergency rooms for beds at NH Hospital to become available, depriving individuals of essential treatment and potentially creating dangerous situations for patients and staff.

Area served: Statewide.

Source of funds: 100% General Funds.

Respectfully submitted,

Nancy L. Rollins,

Associate Commissioner

Approved by:

Nicholas A. Toumpas

Commissioner

NLR/pbr/sl Enclosures Subject:

Designated Receiving Facility

AGREEMENT

The State of New Hampshire and the Contractor hereby mutually agree as follows:

GENERAL PROVISIONS

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1. II	DENTIFICATION.								
1.1	State Agency Name	-	1.2	State Agency Address					
NH I	NH DHHS, Division of Community Based Care Services			105 Pleasant Street, Main Bldg.					
Bure	Bureau of Behavioral Health			ord, NH 03301					
1.3	Contractor Name		1.4	Contractor Address					
LRG	Healthcare		80 H	ghland Street					
				nia, NH 03246					
1.5	Contractor Phone Number	1.6 Account Number	1.7	Completion Date	1.8 Price Limitation				
603-5	524-3211	05-95-92-920010-5945	06-30	0-2013	\$850,000.				
1.9	Contracting Officer for S	tate Agency	1.10	State Agency Telephon	ne Number				
Nanc	y L. Rollins, Associate Com	missioner	(603)	271-5000					
1.11	Contractor Signature	00 0	1.12	Name and Title of Con	tractor Signatory				
	Thomas	Claimon	Thon	nas Clairmont, President					
1.13	Acknowledgement: State	of New Hampshire, County of Bo	elknap						
On Se	entember 17-2013, before th	e undersigned officer, personally	z annear	ed the nerson identified in	block 1.12 or satisfactorily				
		me is signed in block 1.11, and a							
indica	ated in block 1.12.								
1.13.	Signature of Notary Pu	blic or Justice of the Peace							
	[Seal]	cquelie M. W	مدا	sia					
1.13.	Name and Title of Nota	ry or Justice of the Peace							
	Jacquelin	ne m Derosia	_	COMMISSION EXOI	res 4-13-16				
1.14	State Agency Signature		1.15	Name and Title of State	e Agency Signatory				
	N	Z P.O'D							
	Kancy	a. Kottens	Nancy L. Rollins, Associate Commissioner DHHS, Division of Community Based Services , Division of Personnel (if applicable)						
1.16	Approval by the N.H. D	Department of Administration,	Division	of Personnel (if applicat	ble)				
By: Director, On:									
1.17 Approval by the Attorney General (Form, Substance and Execution)									
By:	June A	ince storner	On:	25 sept. 2	013				
1.18		nor and Executive Council							
1,10	Approval by the Govern	nor and Executive Council							
By:			On:						

2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED. The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

3. EFFECTIVE DATE/COMPLETION OF SERVICES.

3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Governor and Executive Council approve this Agreement ("Effective Date").
3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT.

Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.

- 5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.
 5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.
- 5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.

- 6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. In addition, the Contractor shall comply with all applicable copyright laws.
- 6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination. 6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.

- 7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.
- 7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.
- 7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

8. EVENT OF DEFAULT/REMEDIES.

- 8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):
- 8.1.1 failure to perform the Services satisfactorily or on schedule;
- 8.1.2 failure to submit any report required hereunder; and/or
- 8.1.3 failure to perform any other covenant, term or condition of this Agreement.
- 8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:
- 8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination; 8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State
- 8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or

determines that the Contractor has cured the Event of Default

8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both

9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

shall never be paid to the Contractor;

- 9.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, all whether finished or unfinished.
- 9.2 All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason.
- 9.3 Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.
- 10. TERMINATION. In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination

Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

11. CONTRACTOR'S RELATION TO THE STATE. In

the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

12. ASSIGNMENT/DELEGATION/SUBCONTRACTS.

The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the N.H. Department of Administrative Services. None of the Services shall be subcontracted by the Contractor without the prior written consent of the State.

13. INDEMNIFICATION. The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

14. INSURANCE.

- 14.1 The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:
- 14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$2,000,000 per occurrence; and
- 14.1.2 fire and extended coverage insurance covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property. 14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire.
- 14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than fifteen (15) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference. Each

certificate(s) of insurance shall contain a clause requiring the insurer to endeavor to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modification of the policy.

15. WORKERS' COMPENSATION.

- 15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. R\$A chapter 281-A ("Workers' Compensation").
- 15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer identified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.
- 16. WAIVER OF BREACH. No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.
- 17. NOTICE. Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.
- **18. AMENDMENT.** This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire.
- 19. CONSTRUCTION OF AGREEMENT AND TERMS.

This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of construction shall be applied against or in favor of any party.

- 20. THIRD PARTIES. The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.
- **21. HEADINGS.** The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.
- 22. SPECIAL PROVISIONS. Additional provisions set forth in the attached EXHIBIT C are incorporated herein by reference.
- 23. SEVERABILITY. In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.
- **24. ENTIRE AGREEMENT.** This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

CERTIFICATE OF RESOLUTION LRGHealthcare BOARD OF TRUSTEES

The undersigned Secretary of the Board of Trustees of LRGHealthcare, hereby certifies that the following resolution was adopted by the LRGHealthcare Board of Trustees on July 22, 2013, and that such resolutions have not been modified or rescinded as of the date hereof:

AUTHORIZE:

The adoption of the proposed programmatic budget presented and attached hereto to implement a 10-bed Involuntary Psychiatric Designated

Receiving Facility at Franklin Regional Hospital.

AND

RESOLUTION:

That this Corporation, LRGHealthcare, be authorized to enter into the necessary contracts or agreements with the State of New Hampshire, acting through its Department of Health and Human Services, Division of Public Health Services to effect the establishment of a 10-bed Involuntary Psychiatric Designated Receiving Facility at Franklin Regional Hospital.

AND

RESOLUTION:

That the President/CEO hereby is authorized on behalf of the Corporation to enter into contract(s) or agreements with the State and Other Parties to execute any and all documents, agreements, and other instruments, and any amendments, revisions, or modifications thereto, as he may deem necessary, desirable, or appropriate to effect the establishment of a 10-bed Involuntary Psychiatric Designated Receiving Facility at Franklin Regional Hospital. That Tom Clairmont is the duly elected CEO of the Corporation. Further, to authorize Cynthia Baron, as Secretary of the corporation, to certify any documentation for the closing of the above noted transaction.

Voted this 22nd day of July, 2013 by the LRGHealthcare Board of Trustees.

The foregoing resolutions have not been modified or rescinded and remain in full force and effect as of September 17, 2013.

Cynthia Baron, Secretary

LRGHealthcare Board of Trustees

State of New Hampshire

County of **Belknap**

The foregoing instrument was acknowledged before me this <u>17th</u> day of <u>September, 2013</u> by <u>Cynthia Baron.</u>

Dacqueline M. Whosia

Name: Jacqueline M. Derosia

Title: Notary Public/Justice of the Peace

(Seal)

(Notary Public)

Commission Expires: 04/13/2016

EXHIBIT A SCOPE OF WORK

The Contractor shall provide services in furtherance of the goals set forth in the New Hampshire plan for mental health services entitled "A Strategy for Restoration". The services shall be designed to promote recovery from mental illness and shall insure treatment in the least restrictive environment.

The Contractor agrees that, to the extent future legislative action by the New Hampshire General Court or Federal or State Court orders may impact on the services described herein, the State has the right to modify service priorities and expenditure requirements under the Agreement so as to achieve compliance therewith.

I. DESIGNATED RECEIVING FACILITY (DRF) SERVICES

- A. The Contractor shall provide designated receiving facility services to adults in accordance with all applicable federal and state laws, and all applicable administrative rules and regulations, including He-M 405.
- **B.** The Contractor agrees that it will obtain all licenses and certifications that are necessary for the operation of a DRF.
- C. LRGH agrees to operate the DRF at Franklin Regional Hospital for a period of fifteen (15) years, beginning October 1, 2013, and subject to the terms described in Exhibit B.
- **D.** The Contractor agrees to provide the following services in the DRF:
 - Psychiatric evaluation, including mental status and alcohol/substance abuse evaluations, as determined necessary by the treating psychiatrist;
 - **2.** Administration of psychotropic medication, where appropriate;
 - **3.** Medical monitoring, as ordered by the treating psychiatrist;
 - 4. Clinical supervision of clients by DRF staff, including monitoring signs and symptoms of mental illness, monitoring responses to medication and other treatment, and monitoring implementation of treatment plans;
 - 5. Individual and group therapeutic activity directed toward short-term stabilization of psychiatric crisis;
 - 6. Family support, including family education, consultation, and, when clinically indicated, therapy.
- E. The Contractor agrees that it will perform, or coo-

perate with the performance of, such quality improvement and/or utilization review activities as are reasonably determined to be necessary and appropriate by the Bureau of Behavioral Health (BBH) within timeframes specified by BBH. Such activities shall be based on and consistent with the requirements of He-M 405.

- F. The Contractor agrees that it will collaborate with community mental health programs regarding treatment planning and discharge planning to insure prompt return to the community and linkage with appropriate support services.
- **G.** The Contactor shall make every reasonable effort to avoid the use of physical restraint or seclusion.

Exhibit A FY14 LRGHealthcare



EXHIBIT B METHODS OF PAYMENT

- 1. Subject to the availability of State funds, and in consideration for the satisfactory completion of the services to be performed under this Agreement, the Department of Health and Human Services (DHHS) agrees to fund the Contractor for providing designated receiving facility (DRF) beds as set forth in Exhibit A. Of the Price Limit in Block 1.8. of the General Provisions, the funds for services shall be governed by the provisions of Exhibits A., B., & C. In no event shall the total of initial and other payments exceed the maximum Price Limitation in Block 1.8. of the General Provisions of this Agreement.
- DHHS agrees to provide funds to the Contractor for the purpose of renovating, rehabilitating and furnishing a portion of Franklin Regional Hospital to become a DRF.
- Prior to providing the funds, DHHS shall conduct a Readiness Review to insure that the Contractor can demonstrate the ability to open and operate the DRF as evidenced by policies, procedures, protocols, staffing patterns and facility requirements.
- 4. The amount of the funds shall be determined by the actual cost of the renovations and furnishings as demonstrated by invoices submitted by contractors, not to exceed \$850,000.
- 5. DHHS shall provide the funds within thirty (30) days of receipt of invoices from the Contractor, and certification from the Contractor that the work has been completed, with the understanding that a separate, final payment may be made upon receipt of outstanding invoices.
- 6. The Contractor agrees to repay the funds in fifteen equal annual payments to be made on or before June 30th, beginning June 30, 2014.
- 7. The Contractor agrees to operate the DRF at Franklin Regional Hospital for a period of fifteen (15) years, beginning October 1, 2013, following circumstances occurs:
 - a. Franklin Regional Hospital loses its designation as a Critical Access Hospital due to a change in federal regulations;
 - b. There is a reduction in the DRF Medicaid rate in excess of 10% for two consecutive years, and the rate reduction results in an audited operating loss of at least 10% per year for the program for two (2) consecutive years;

- c. The DRF incurs an operating loss in excess of 10% for two consecutive years, as verified by an audit conducted by DHHS;
- DHHS expressly approves a change in use that would benefit persons eligible for state mental health services.
- 8. In the event that the Contractor makes a determination that it can no longer operate the DRF due to conditions 7(b), or 7(c), the amount of funds owed back to the State of NH shall be reduced by the amount of the audited operating loss for the two (2) consecutive years.
- 9. In the event that the Contractor loses it critical access designation for Franklin Regional Hospital as described in 7(a), the State shall reduce the amount of funds owed back to the State based on audited financial losses incurred for the operation of the unit from the time Franklin Regional Hospital loses its critical access designation until such time as it can be closed and the remaining patients transferred to another facility or program in the community.
- 10. In the event that the circumstances described in 7(b) or 7(c) occur, the State agrees to conduct a review of the Medicaid Price Per Point to insure that the established rate for DRF services complies with federal regulations designed to provide access to services, including 42 C.F.R. 447.204.
- 11. Prepayment: In the event that the Contractor prepays the funds ahead of schedule, the Contractor agrees to operate the DRF for five (5) years beyond the date of full prepayment, not to exceed the original fifteen (15) year operation period.
- **12.** The following Program funds shall be expended by the Contractor as directed by BBH:

Designated Receiving Facilit	y	\$850,000
	Total	\$850,000

Exhibit B FY14 LRGHealthcare



EXHIBIT C SPECIAL PROVISIONS

These Provisions expand upon the General Provisions [Form P-37] of this Agreement.

- Add the following regarding "Contractor Name" to Paragraph 1:
 1.3.1. The term "Contractor" includes all persons, natural or fictional, which are controlled by, under common ownership with, or are an affiliate of, or are affiliated with an affiliate of the entity identified as the Contractor in Paragraph 1.3. of the General Provisions of this Agreement whether for-profit or not-for-profit.
- 2. Add the following regarding "Compliance by Contractor with Laws and Regulations: Equal Employment Opportunity" to Paragraph 6:
 - **6.4.** The Contractor shall comply with Title II of P.L. 101-336 the Americans with Disabilities Act of 1990 and all applicable Federal and State laws.
- **3.** Add the following regarding "Data: Access, Confidentiality, Preservation" to Paragraph 9:
 - 9.4. The Contractor shall submit to BBH all reports as requested by BBH on such schedule and in such paper or electronic format that BBH shall request. These submissions shall be complete, accurate, and timely. All submissions are due within thirty (30) days of the end of the quarterly reporting period.
 - **9.4.1.** The Contractor agrees to submit an audited financial statement to BBH on or before December 1 of each year, commencing December 1, 2013.
 - 9.4.2. The Quarterly Statistical Report shall include:
 - **9.4.2.1.** DRF Unit admissions and client demographic information;
 - **9.4.2.2.** Number of adults admitted, and the length of stay per admission;
 - 9.4.2.3. Number of days covered by Medicare;
 - 9.4.2.4. Number of days covered by Medicaid;
 - 9.4.2.5. Number of days covered by Private Insurance (including HMO's); and
 - **9.4.2.6.** Number of days covered by charity care, or no insurance.
 - **9.4.3.** Fiscal records shall be retained in accordance with Contractor's usual and customary records retention policy.
 - **9.4.4.** The Contractor shall submit to BBH the financial statements described in paragraph 9.4.1. in a format in accordance with the American Institute of Certified Public Accountants Guidelines together with a management letter, if issued, by a Certified Public Accountant.
- 4. Replace Paragraph 14.1.1. with the following:
 - 14.1.1. Comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than one million dollars (\$1,000,000) per claim or occurrence and two million dollars (\$2,000,000) in the aggregate; and
- 5. Add the following regarding "Insurance and Bond" to Paragraph 14:
 - **14.4.** The maintenance of insurance by the Contractor pursuant to this Paragraph shall not be construed in any manner as a

waiver of sovereign immunity by the State, its officers and employees in any regard, nor is the existence of said insurance to be construed as conferring or intending to confer any benefit upon a third person or persons not party to this Agreement.

Exhibit C FY14 LRGHealthcare

STANDARD EXHIBIT D

CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.), and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS

US DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTRACTORS
US DEPARTMENT OF EDUCATION - CONTRACTORS
US DEPARTMENT OF AGRICULTURE - CONTRACTORS

This certification is required by the regulations implementing Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.). The January 31, 1989 regulations were amended and published as Part II of the May 25, 1990 Federal Register (pages 21681-21691), and require certification by grantees (and by inference, sub-grantees and sub-contractors), prior to award, that they will maintain a drug-free workplace. Section 3017.630(c) of the regulation provides that a grantee (and by inference, sub-grantees and sub-contractors) that is a State may elect to make one certification to the Department in each federal fiscal year in lieu of certificates for each grant during the federal fiscal year covered by the certification. The certificate set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or government wide suspension or debarment. Contractors using this form should send it to:

Commissioner
NH Department of Health and Human Services
129 Pleasant Street,
Concord, NH 03301-6505

- (A) The grantee certifies that it will or will continue to provide a drug-free workplace by:
 - (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
 - (b) Establishing an ongoing drug-free awareness program to inform employees about
 - (1) The dangers of drug abuse in the workplace;
 - (2) The grantee's policy of maintaining a drug-free workplace;
 - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace:

- (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will
 - (1) Abide by the terms of the statement; and
 - (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction:
- (e) Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- (f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted
 - (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended or
 - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).
- (B) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant.

From: 10/1/2013 To: 6/30/2014

Place of Performance (street address, city, county, state, zip code) (list each location)

Check $\ \ \, \boxtimes \$ if there are workplaces on file that are not identified here.

(Contractor Name) (Period Covered by this Certification)

Thomas Clairmont President
(Name & Title of Authorized Contractor Representative)

(Contractor Representative Signature

Contractor Initial

NH DHHS, Office of Business Operations

Standard Exhibit D – Certification Regarding Drug Free Workplace Requirements January 2009

Page 2 of 2

LRGHealthcare

STANDARD EXHIBIT E

CERTIFICATION REGARDING LOBBYING

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Section 319 of Public Law 101-121, Government wide Guidance for New Restrictions on Lobbying, and 31 U.S.C. 1352, and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

US DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTRACTORS
US DEPARTMENT OF EDUCATION - CONTRACTORS
US DEPARTMENT OF AGRICULTURE - CONTRACTORS

Programs (indicate applicable program covered):

- *Temporary Assistance to Needy Families under Title IV-A
- *Child Support Enforcement Program under Title IV-D
- *Social Services Block Grant Program under Title XX
- *Medicaid Program under Title XIX
- *Community Services Block Grant under Title VI
- *Child Care Development Block Grant under Title IV

Contract Period: 10-01-13 through 06-30-14

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor).
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor), the undersigned shall complete and submit Standard Form LLL, (Disclosure Form to Report Lobbying, in accordance with its instructions, attached and identified as Standard Exhibit E-I.)
- (3) The undersigned shall require that the language of this certification be included in the award document for sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of pet less than \$10,000 and not more than \$100,000 for each such failure.

(Contractor Representative Signature)

Thomas Clairmont President
(Authorized Contractor Representative Name & Title)

LRGHealthcare

(Contractor Name)

(Date

NH DHHS, Office of Business Operations Standard Exhibit E – Certification Regarding Lobbying January 2009 Contractor Initials

Date:___

NH Department of Health and Human Services STANDARD EXHIBIT F

CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Executive Office of the President, Executive Order 12549 and 45 CFR Part 76 regarding Debarment, Suspension, and Other Responsibility Matters, and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

INSTRUCTIONS FOR CERTIFICATION

- 1. By signing and submitting this proposal (contract), the prospective primary participant is providing the certification set out below.
- 2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. If necessary, the prospective participant shall submit an explanation of why it cannot provide the certification. The certification or explanation will be considered in connection with the NH Department of Health and Human Services' (DHHS) determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
- 3. The certification in this clause is a material representation of fact upon which reliance was placed when DHHS determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, DHHS may terminate this transaction for cause or default.
- 4. The prospective primary participant shall provide immediate written notice to the DHHS agency to whom this proposal (contract) is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
- 5. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549: 45 CFR Part 76. See the attached definitions.
- 6. The prospective primary participant agrees by submitting this proposal (contract) that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by DHHS.

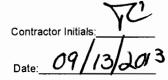
Contractor Initials: 70

Date: 69/13/2013

- 7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered Transactions," provided by DHHS, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
- 8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or involuntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List (of excluded parties).
- 9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
- 10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal government, DHHS may terminate this transaction for cause or default.

PRIMARY COVERED TRANSACTIONS

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
 - (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - (b) have not within a three-year period preceding this proposal (contract) been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or a contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) are not presently indicted for otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (I)(b) of this certification; and
 - (d) have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal (contract).



LOWER TIER COVERED TRANSACTIONS

By signing and submitting this lower tier proposal (contract), the prospective lower tier participant, as defined in 45 CFR Part 76, certifies to the best of its knowledge and belief that it and its principals:

- (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.
- (b) where the prospective lower tier participant is unable to certify to any of the above, such prospective participant shall attach an explanation to this proposal (contract).

The prospective lower tier participant further agrees by submitting this proposal (contract) that it will include this clause entitled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion - Lower Tier Covered Transactions," without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

(Contractor Representative Signature)

Thomas Clairmont President
(Authorized Contractor Representative Name & Title)

LRGHealthcare

(Contractor Name)

(Date

STANDARD EXHIBIT G

CERTIFICATION REGARDING THE AMERICANS WITH DISABILITIES ACT COMPLIANCE

The Contractor identified in Section 1.3 of the General Provisions agrees by signature of the Contractor's representative as identified in Sections 1.11 and 1.12 of the General Provisions, to execute the following certification:

efforts to comply with all applicable provisions of the Americans with Disabilities Act of 1990. Thomas Clairmont President

(Authorized Contractor Representative Name & Title) (Contractor Representative Signature)

By signing and submitting this proposal (contract) the Contractor agrees to make reasonable

LRGHealthcare (Contractor Name)

1.

Contractor Initia

NH DHHS, Office of Business Operations Standard Exhibit G - Certification Regarding the Americans With Disabilities Act January 2009

STANDARD EXHIBIT H

CERTIFICATION REGARDING ENVIRONMENTAL TOBACCO SMOKE

Public Law 103-227, Part C - Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug or alcohol treatment. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1000 per day and/or the imposition of an administrative compliance order on the responsible entity.

The Contractor identified in Section 1.3 of the General Provisions agrees, by signature of the Contractor's representative as identified in Section 1.11 and 1.12 of the General Provisions, to execute the following certification:

NH DHHS, Office of Business Operations Standard Exhibit H – Certification Regarding Environmental Tobacco Smoke January 2009 Contractor Initials: C

Date: 09/3/20/3

STANDARD EXHIBIT I HEALTH INSURANCE PORTABILITY AND ACCOUNTABILTY ACT **BUSINESS ASSOCIATE AGREEMENT**

The Contractor identified in Section 1.3 of the General Provisions of the Agreement agrees to comply with the Health Insurance Portability and Accountability Act, Public Law 104-191 and with the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160 and 164 and those parts of the HITECH Act applicable to business associates. As defined herein, "Business Associate" shall mean the Contractor and subcontractors and agents of the Contractor that receive, use or have access to protected health information under this Agreement and "Covered Entity" shall mean the State of New Hampshire, Department of Health and Human Services.

BUSINESS ASSOCIATE AGREEMENT

(1) Definitions.

- a. "Breach" shall have the same meaning as the term "Breach" in Title XXX, Subtitle D. Sec. 13400.
- b. "Business Associate" has the meaning given such term in section 160.103 of Tile 45, Code of Federal Regulations.
- c. "Covered Entity" has the meaning given such term in section 160.103 of Title 45, Code of Federal Regulations.
- d. "Designated Record Set" shall have the same meaning as the term "designated record set" in 45 CFR Section 164.501.
- e. "<u>Data Aggregation</u>" shall have the same meaning as the term "data aggregation" in 45 CFR Section 164.501.
- f. "Health Care Operations" shall have the same meaning as the term "health care operations" in 45 CFR Section 164.501.
- "HITECH Act" means the Health Information Technology for Economic and Clinical Health Act, TitleXIII, Subtitle D, Part 1 & 2 of the American Recovery and Reinvestment Act of 2009.
- h. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 and the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160, 162 and 164.
- i. "Individual" shall have the same meaning as the term "individual" in 45 CFR Section 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR Section 164.501(g).
- j. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Parts 160 and 164, promulgated under HIPAA by the United States Department of Health and Human Services.

Standard Exhibit I - HIPAA Business Associate Agreement September 2009

Page 1 of 6

- k. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR Section 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- 1. "Required by Law" shall have the same meaning as the term "required by law" in 45 CFR Section 164.501.
- m. "Secretary" shall mean the Secretary of the Department of Health and Human Services or his/her designee.
- n. "Security Rule" shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR Part 164, Subpart C, and amendments thereto.
- o. "Unsecured Protected Health Information" means protected health information that is not secured by a technology standard that renders protected health information unusable, unreasonable, or indecipherable to unauthorized individuals and is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute.
- p. Other Definitions All terms not otherwise defined herein shall have the meaning established under 45 C.F.R. Parts 160, 162 and 164, as amended from time to time, and the HITECH Act.

(2) Use and Disclosure of Protected Health Information.

- a. Business Associate shall not use, disclose, maintain or transmit Protected Health Information (PHI) except as reasonably necessary to provide the services outlined under Exhibit A of the Agreement. Further, the Business Associate shall not, and shall ensure that its directors, officers, employees and agents, do not use, disclose, maintain or transmit PHI in any manner that would constitute a violation of the Privacy and Security Rule.
- b. Business Associate may use or disclose PHI:
 - I. For the proper management and administration of the Business Associate;
 - II. As required by law, pursuant to the terms set forth in paragraph d. below; or
 - III. For data aggregation purposes for the health care operations of Covered Entity.
- c. To the extent Business Associate is permitted under the Agreement to disclose PHI to a third party, Business Associate must obtain, prior to making any such disclosure, (i) reasonable assurances from the third party that such PHI will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed to the third party; and (ii) an agreement from such third party to notify Business Associate, in accordance with the HITECH Act, Subtitle D, Part 1, Sec. 13402 of any breaches of the confidentiality of the PHI, to the extent it has obtained knowledge of such breach.
- d. The Business Associate shall not, unless such disclosure is reasonably necessary to provide services under Exhibit A of the Agreement, disclose any PHI in response to a request for disclosure on the basis that it is required by law, without first notifying Covered Entity so that Covered Entity has an opportunity to object to the disclosure and to seek appropriate relief. If Covered Entity objects to such disclosure, the Business Associate shall refrain from disclosing the PHI until Covered Entity has exhausted all remedies.

Contractor Initials: Date: 09/13/20/3

e. If the Covered Entity notifies the Business Associate that Covered Entity has agreed to be bound by additional restrictions over and above those uses or disclosures or security safeguards of PHI pursuant to the Privacy and Security Rule, the Business Associate shall be bound by such additional restrictions and shall not disclose PHI in violation of such additional restrictions and shall abide by any additional security safeguards.

(3) Obligations and Activities of Business Associate.

- a. Business Associate shall report to the designated Privacy Officer of Covered Entity, in writing, any use or disclosure of PHI in violation of the Agreement, including any security incident involving Covered Entity data, in accordance with the HITECH Act, Subtitle D, Part 1, Sec. 13402.
- b. The Business Associate shall comply with all sections of the Privacy and Security Rule as set forth in, the HITECH Act, Subtitle D, Part 1, Sec. 13401 and Sec. 13404.
- c. Business Associate shall make available all of its internal policies and procedures, books and records relating to the use and disclosure of PHI received from, or created or received by the Business Associate on behalf of Covered Entity to the Secretary for purposes of determining Covered Entity's compliance with HIPAA and the Privacy and Security Rule.
- d. Business Associate shall require all of its business associates that receive, use or have access to PHI under the Agreement, to agree in writing to adhere to the same restrictions and conditions on the use and disclosure of PHI contained herein, including the duty to return or destroy the PHI as provided under Section (3)b and (3)k herein. The Covered Entity shall be considered a direct third party beneficiary of the Contractor's business associate agreements with Contractor's intended business associates, who will be receiving PHI pursuant to this Agreement, with rights of enforcement and indemnification from such business associates who shall be governed by standard provision #13 of this Agreement for the purpose of use and disclosure of protected health information.
- e. Within five (5) business days of receipt of a written request from Covered Entity, Business Associate shall make available during normal business hours at its offices all records, books, agreements, policies and procedures relating to the use and disclosure of PHI to the Covered Entity, for purposes of enabling Covered Entity to determine Business Associate's compliance with the terms of the Agreement.
- f. Within ten (10) business days of receiving a written request from Covered Entity, Business Associate shall provide access to PHI in a Designated Record Set to the Covered Entity, or as directed by Covered Entity, to an individual in order to meet the requirements under 45 CFR Section 164.524.
- g. Within ten (10) business days of receiving a written request from Covered Entity for an amendment of PHI or a record about an individual contained in a Designated Record Set, the Business Associate shall make such PHI available to Covered Entity for amendment and incorporate any such amendment to enable Covered Entity to fulfill its obligations under 45 CFR Section 164.526.

- h. Business Associate shall document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528.
- i. Within ten (10) business days of receiving a written request from Covered Entity for a request for an accounting of disclosures of PHI, Business Associate shall make available to Covered Entity such information as Covered Entity may require to fulfill its obligations to provide an accounting of disclosures with respect to PHI in accordance with 45 CFR Section 164.528.
- j. In the event any individual requests access to, amendment of, or accounting of PHI directly from the Business Associate, the Business Associate shall within two (2) business days forward such request to Covered Entity. Covered Entity shall have the responsibility of responding to forwarded requests. However, if forwarding the individual's request to Covered Entity would cause Covered Entity or the Business Associate to violate HIPAA and the Privacy and Security Rule, the Business Associate shall instead respond to the individual's request as required by such law and notify Covered Entity of such response as soon as practicable.
- k. Within ten (10) business days of termination of the Agreement, for any reason, the Business Associate shall return or destroy, as specified by Covered Entity, all PHI received from, or created or received by the Business Associate in connection with the Agreement, and shall not retain any copies or back-up tapes of such PHI. If return or destruction is not feasible, or the disposition of the PHI has been otherwise agreed to in the Agreement, Business Associate shall continue to extend the protections of the Agreement, to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI. If Covered Entity, in its sole discretion, requires that the Business Associate destroy any or all PHI, the Business Associate shall certify to Covered Entity that the PHI has been destroyed.

(4) Obligations of Covered Entity

- a. Covered Entity shall notify Business Associate of any changes or limitation(s) in its Notice of Privacy Practices provided to individuals in accordance with 45 CFR Section 164.520, to the extent that such change or limitation may affect Business Associate's use or disclosure of PHI.
- b. Covered Entity shall promptly notify Business Associate of any changes in, or revocation of permission provided to Covered Entity by individuals whose PHI may be used or disclosed by Business Associate under this Agreement, pursuant to 45 CFR Section 164.506 or 45 CFR Section 164.508.
- c. Covered entity shall promptly notify Business Associate of any restrictions on the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

Contractor Initials:

Date: 09/13/2013

(5) <u>Termination for Cause</u>

In addition to standard provision #10 of this Agreement the Covered Entity may immediately terminate the Agreement upon Covered Entity's knowledge of a breach by Business Associate of the Business Associate Agreement set forth herein as Exhibit I. The Covered Entity may either immediately terminate the Agreement or provide an opportunity for Business Associate to cure the alleged breach within a timeframe specified by Covered Entity. If Covered Entity determines that neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.

(6) Miscellaneous

- a. <u>Definitions and Regulatory References</u>. All terms used, but not otherwise defined herein, shall have the same meaning as those terms in the Privacy and Security Rule, and the HITECH Act as amended from time to time. A reference in the Agreement, as amended to include this Exhibit I, to a Section in the Privacy and Security Rule means the Section as in effect or as amended.
- b. <u>Amendment</u>. Covered Entity and Business Associate agree to take such action as is necessary to amend the Agreement, from time to time as is necessary for Covered Entity to comply with the changes in the requirements of HIPAA, the Privacy and Security Rule, and applicable federal and state law.
- c. <u>Data Ownership</u>. The Business Associate acknowledges that it has no ownership rights with respect to the PHI provided by or created on behalf of Covered Entity.
- d. <u>Interpretation</u>. The parties agree that any ambiguity in the Agreement shall be resolved to permit Covered Entity to comply with HIPAA, the Privacy and Security Rule and the HITECH Act.
- e. <u>Segregation</u>. If any term or condition of this Exhibit I or the application thereof to any person(s) or circumstance is held invalid, such invalidity shall not affect other terms or conditions which can be given effect without the invalid term or condition; to this end the terms and conditions of this Exhibit I are declared severable.
- f. <u>Survival</u>. Provisions in this Exhibit I regarding the use and disclosure of PHI, return or destruction of PHI, extensions of the protections of the Agreement in section 3 k, the defense and indemnification provisions of section 3 d and standard contract provision #13, shall survive the termination of the Agreement.



IN WITNESS WHEREOF, the parties hereto have duly executed this Exhibit I.

NH DHHS, DCBCS	
Bureau of Behavioral Health	LRGHealthcare
The State Agency Name	Name of the Contractor
Many J. Pollins Signature of Authorized Representative	Thomas Claumon
Signature of Authorized Representative	Signature of Authorized Representative
Nancy L. Rollins Name of Authorized Representative	Thomas Clairmont Name of Authorized Representative
Name of Authorized Representative	Name of Authorized Representative
Associate Commissioner	President
Title of Authorized Representative	Title of Authorized Representative
9/23/2013	09/13/2013
Data	Date

STANDARD EXHIBIT J

CERTIFICATION REGARDING THE FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA) COMPLIANCE

The Federal Funding Accountability and Transparency Act (FFATA) requires prime awardees of individual Federal grants equal to or greater than \$25,000 and awarded on or after October 1, 2010, to report on data related to executive compensation and associated first-tier sub-grants of \$25,000 or more. If the initial award is below \$25,000 but subsequent grant modifications result in a total award equal to or over \$25,000, the award is subject to the FFATA reporting requirements, as of the date of the award.

In accordance with 2 CFR Part 170 (Reporting Subaward and Executive Compensation Information), the Department of Health and Human Services (DHHS) must report the following information for any subaward or contract award subject to the FFATA reporting requirements:

- 1) Name of entity
- 2) Amount of award
- 3) Funding agency
- 4) NAICS code for contracts / CFDA program number for grants
- 5) Program source
- 6) Award title descriptive of the purpose of the funding action
- 7) Location of the entity
- 8) Principle place of performance
- 9) Unique identifier of the entity (DUNS #)
- 10) Total compensation and names of the top five executives if:
 - a. More than 80% of annual gross revenues are from the Federal government, and those revenues are greater than \$25M annually and
 - b. Compensation information is not already available through reporting to the SEC.

Prime grant recipients must submit FFATA required data by the end of the month, plus 30 days, in which the award or award amendment is made.

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of The Federal Funding Accountability and Transparency Act, Public Law 109-282 and Public Law 110-252, and 2 CFR Part 170 (Reporting Subaward and Executive Compensation Information), and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

The below named Contractor agrees to provide needed information as outlined above to the NH Department of Health and Human Services and to comply with all applicable provisions of the Federal Financial Accountability and Transparency Act.

(Contractor Representative Signature)

(Contractor Name)

(Date)

STANDARD EXHIBIT J

FORM A

As the Contractor identified in Section 1.3 of the General Provisions, I certify that the responses to the below listed questions are true and accurate.						
1. The DUNS number for your e	ntity is: <u>07</u> -3968455					
2. In your business or organization's preceding completed fiscal year, did your business or organization receive (1) 80 percent or more of your annual gross revenue in U.S. federal contracts, subcontracts, loan grants, sub-grants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenue from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?						
X NO	YES					
If the answer to #2 above is NO, stop here						
If the answe	er to #2 above is YES, please answer the following:					
or organization through periodic	information about the compensation of the executives in your business reports filed under section 13(a) or 15(d) of the Securities Exchange Act d)) or section 6104 of the Internal Revenue Code of 1986?					
NO	YES					
If	If the answer to #3 above is YES, stop here					
If the answ	If the answer to #3 above is NO, please answer the following:					
4. The names and compensation organization are as follows:	of the five most highly compensated officers in your business or					

Name: _____

Name: _____

Name: _____

Name: _____

Name: _____

Contract	or initials:	10
Date:	09/13/	2013
Page #	of Pag	e #

Amount: ____

Amount: ____

Amount: ____

Amount: _____

Amount: _____

BAKER NEWMAN NOYES

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Trustees LRGHealthcare and Subsidiary Laconia, New Hampshire

We have audited the accompanying consolidated statements of financial position of LRGHealthcare and Subsidiary as of September 30, 2012, 2011 and 2010, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of LRGHealthcare's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LRGHealthcare and Subsidiary's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of LRGHealthcare and Subsidiary as of September 30, 2012, 2011 and 2010, and the consolidated results of their operations, changes in their net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 21, 2013, on our consideration of LRGHealthcare and Subsidiary's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Manchester, New Hampshire January 21, 2013

Limited Liability Company

Baker Navman & Noyes

Baker Newman & Noyes, LLC

LIABILITIES AND NET ASSETS

'	2012	<u>2011</u>	<u>2010</u>
Current liabilities:			
Line of credit	\$ -	\$	\$ 2,500,000
Accounts payable	9,748,706	9,970,363	7,067,672
Estimated third-party payor settlements payable	1,333,102	_	-
Accrued employee compensation:			
Payroll	2,772,439	1,918,535	1,742,984
Compensated absences	4,330,099	4,129,382	4,156,705
Healthcare and other accrued benefits	1,880,015	1,866,846	2,494,349
Accrued interest and other expenses	5,023,292	5,480,923	4,025,801
Current portion of long-term debt and capital leases	2,805,000	375,000	980,308
Total current liabilities	27,892,653	23,741,049	22,967,819
Long-term debt:			
Bonds	147,368,218	147,908,834	148,074,450
Capital lease obligations	_	_	2,865,566
Less current installments	<u>(2,805,000</u>)	(375,000)	(980,308)
Long-term debt, net of current portion	144,563,218	147,533,834	149,959,708
Other long-term liabilities:			
Workers' compensation and other liabilities	1,595,172	1,307,072	1,136,352
Accrued pension/retirement costs	5,420,258	5,508,269	
Total long-term liabilities	<u>151,578,648</u>	154,349,175	151,096,060
Total liabilities	179,471,301	178,090,224	174,063,879
LRGHealthcare net assets:			
Unrestricted -	30,329,474	26,253,296	32,992,872
Temporarily restricted	5,353,800	4,931,946	3,708,209
Permanently restricted	2,199,737	2,199,737	2,199,737
Total LRGHealthcare net assets	37,883,011	33,384,979	38,900,818
Noncontrolling interest in consolidated subsidiary	206,624	170,772	124,345
Total net assets	38,089,635	33,555,751	39,025,163
Total liabilities and net assets	\$ <u>217,560,936</u>	\$211,645,975	\$ <u>213,089,042</u>
See accompanying notes.			

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended September 30, 2012, 2011 and 2010

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Unrestricted revenue and other support:			
Net patient service revenue, net of			
contractual allowances and discounts	\$211,615,125	\$193,636,524	\$187,707,937
Less provision for doubtful accounts	14,791,309	13,034,943	13,963,862
Total net patient service revenue			
less provision for doubtful accounts	196,823,816	180,601,581	173,744,075
Disproportionate share funding	2,980,687	9,751,772	9,050,987
Net assets released from restrictions for operations	241,655	438,474	393,366
Other revenue	8,709,559	6,395,506	_5,790,321
Total revenue	208,755,717	197,187,333	188,978,749
rotai revenue	200,733,717	197,107,555	100,970,749
Expenses:			
Salaries	94,853,825	87,449,546	86,045,209
Payroll taxes	6,452,718	5,947,534	6,078,427
Employee benefits	11,012,096	11,118,240	10,855,759
Purchased services and contracted physicians	22,626,505	24,121,454	22,272,798
Pharmacy supplies	12,945,640	12,458,019	12,189,640
Chargeable supplies	10,558,481	11,188,507	9,420,303
Nonchargeable supplies	7,034,711	7,310,384	7,135,979
Depreciation and amortization	9,899,777	8,439,629	7,935,335
Rent and occupancy expenses	6,788,851	6,846,016	6,165,391
Professional services	1,502,310	1,206,391	1,387,602
Interest expense	8,246,254	5,664,925	4,572,307
Insurance	2,315,563	2,453,904	2,277,788
Repairs	2,855,105	2,662,795	2,540,971
Tuition, advertising and other	2,879,066	2,308,587	2,446,941
Dues, travel and education	1,091,929	945,962	939,143
New Hampshire Medicaid Enhancement Tax	6,035,852	7,051,743	9,050,987
Total expenses	207,098,683	197,173,636	191,314,580
10101 01.p01000			
Income (loss) from operations	1,657,034	13,697	(2,335,831)
Nonoperating gains (losses):			
Gifts and bequests	109,498	170,375	219,382
Interest and dividend income, not classified elsewhere	525,419	445,118	365,532
Net realized gains on investments	347,557	184,960	131,179
Loss on extinguishment of debt	517,557	-	(973,857)
Loss on termination of interest rate swap agreements	_	_	(11,037,500)
Nonoperating gains (losses), net	982,474	800,453	(11,295,264)
Nonoperating gams (108868), net		000,433	(11,275,204)
Consolidated excess (deficiency) of revenue and			
nonoperating gains (losses) over expenses	2,639,508	814,150	(13,631,095)
Continued next page.			

CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)

Years Ended September 30, 2012, 2011 and 2010

Constituted to the Colonian Constitution of the Colonian Constitution Constitution of the Colonian Constitution Constitution Constit	<u>2012</u>	<u>2011</u>	<u>2010</u>
Consolidated excess (deficiency) of revenue and nonoperating gains (losses) over expenses	\$ 2,639,508	\$ 814,150	\$(13,631,095)
Excess of revenue and nonoperating gains (losses) over expenses attributable to noncontrolling interest in consolidated subsidiary	(508,377)	(477,815)	(124,345)
Excess (deficiency) of revenue and nonoperating gains (losses) over expenses attributable to LRGHealthcare	2,131,131	336,335	(13,755,440)
Adjustment to pension liability	(774,824)	(7,328,262)	738,464
Net assets released from restrictions for equipment			
purchases and property improvements		88,664	91,180
Impact of interest rate swap agreements	_	_	12,656,615
Net unrealized gain (loss) on investments	2,719,871	(25,542)	1,115,499
Sale of noncontrolling interest in subsidiary		189,229	945,895
Increase (decrease) in unrestricted net assets			
attributable to LRGHealthcare	\$ <u>4,076,178</u>	\$ <u>(6,739,576)</u>	\$ <u>1,792,213</u>

See accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years Ended September 30, 2012, 2011 and 2010

		<u>2012</u>	<u>2011</u>	<u>2010</u>
LRGHealthcare unrestricted net assets:				
Excess (deficiency) of revenue and nonoperating gains	_			
(losses) over expenses attributable to LRGHealthcare	\$	2,131,131	\$ 336,335	\$(13,755,440)
Adjustment to pension liability		(774,824)	(7,328,262)	738,464
Net assets released from restrictions for equipment				
purchases and property improvements		-	88,664	91,180
Impact of interest rate swap agreements		_	_	12,656,615
Net unrealized gain (loss) on investments		2,719,871	(25,542)	1,115,499
Sale of noncontrolling interest in subsidiary	_		<u>189,229</u>	<u>945,895</u>
Increase (decrease) in LRGHealthcare				
unrestricted net assets		4,076,178	(6,739,576)	1,792,213
LRGHealthcare temporarily restricted net assets:				
Restricted contributions and pledges		483,485	1,515,842	1,657,249
Restricted interest and dividend income		63,775	45,960	44,183
Grants		72,600	148,495	183,390
Net unrealized gains on investments		13,853	929	46,730
Release from permanently restricted net assets		_	_	47,826
Current year income and unrealized gains				
from permanently restricted net assets		53,131	41,398	82,919
Release of net current year unrealized gains				
to unrestricted net assets		(23,335)	(1,749)	(89,351)
Net assets released from restrictions for:				
Equipment purchases and property improvements		_	(88,664)	(91,180)
Operating purposes		(241,655)	(438,474)	(393,366)
Increase in LRGHealthcare temporarily				,
restricted net assets		421,854	1,223,737	1,488,400
LRGHealthcare permanently restricted net assets:				
Restricted interest and dividend income		43,649	40,578	40,298
Net unrealized gains on investments		9,482	820	42,621
Release of net current year income and unrealized				
gains to temporarily restricted net assets		(53,131)	(41,398)	(82,919)
Release of accumulated income and appreciation				
to temporarily restricted net assets				(47,826)
Decrease in LRGHealthcare				,,
permanently restricted net assets				(47,826)
Increase (decrease) in LRGHealthcare net assets	4	4,498,032	(5,515,839)	3,232,787

Continued next page.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (CONTINUED)

Years Ended September 30, 2012, 2011 and 2010

			<u>2012</u>	<u>2011</u>		<u>2010</u>
Increase (decrease) in LRGHealt	hcare net assets	\$	4,498,032	\$ (5,515,839)	\$	3,232,787
Noncontrolling interest in consol Excess of revenue and nonope over expenses attributable	rating gains (losses)					
interest in consolidated sub	sidiary		508,377	477,815		124,345
Contributions, distributions an in noncontrolling interest	d other changes	_	(472,525)	(431,388)	_	
Increase in noncontrolling in consolidated subsidia		_	35,852	46,427	_	124,345
Increase (decrease) in total net as	sets		4,533,884	(5,469,412)		3,357,132
Net assets, beginning of year			33,555,751	39,025,163		35,668,031
Net assets, end of year		\$ <u></u> 3	38,089,635	\$ <u>33,555,751</u>	\$_3	39,025,163

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended September 30, 2012, 2011 and 2010

Cook flows from a service a sticking	2012	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:	£ 4.522.004	f (5 4(0 412)	e 2.257.122
Increase (decrease) in net assets	\$ 4,533,884	\$ (5,469,412)	\$ 3,357,132
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:			
	0 200 777	9 420 620	7.025.225
Depreciation and amortization Provision for doubtful accounts	9,899,777 14,791,309	8,439,629	7,935,335
Restricted investment income	(107,424)	13,034,943 (86,538)	13,963,862
Adjustment to pension liability	774,824	7,328,262	(84,481)
Contributions, distributions and other	774,824	7,328,202	(738,464)
changes in noncontrolling interest in consolidated subsidiary	472 525	421 200	
	472,525	431,388	(1 000 165)
Restricted contributions, pledges and grants	(556,085)	(1,664,337)	(1,888,465)
Realized and unrealized gains on investments, net	(3,090,763)	(161 167)	(1,336,029)
Impact of interest rate swaps	(3,090,703)	(161,167)	
Sale of noncontrolling interest in subsidiary		(189,229)	(1,619,115) (945,895)
=	(165,616)	(165,616)	
Bond premium amortization Loss on extinguishment of debt	(103,010)	(103,010)	(138,014) 973,857
Changes in operating assets and liabilities:	_	_	913,031
Accounts receivable	(14,100,665)	(16,194,032)	(15,626,523)
Estimated third-party settlements	1,529,789	1,957,377	1,257,402
Other receivables	(1,633,059)	(2,823,103)	(1,582,432)
Inventories	(94,499)	(308,771)	(1,582,432)
Other prepaid expenses	951,503	20,920	304,586
Accounts payable	(221,657)	2,902,691	(786,525)
Accounts payable Accrued employee compensation	1,067,790	(479,275)	(2,432,896)
Accrued interest and other expenses	(457,631)	1,455,122	3,677,062
Workers' compensation liabilities and other	288,100	170,720	120,776
Accrued/prepaid pension/retirement costs	<u>(862,835)</u>	(662,354)	(1,604,723)
Accided prepaid pension/retirement costs	(802,833)	(002,334)	(1,004,723)
Net cash provided by operating activities	13,019,267	7,537,218	1,268,001
Cash flows from investing activities:			
Acquisition of property, plant and equipment,			
net of disposals	(21,046,327)	(32,739,979)	(26,442,190)
Increase in other noncurrent assets	(103,466)	(239,386)	(1,179,234)
Decrease (increase) in assets whose use is limited	19,845,781	31,730,810	(63,302,070)
Sales (purchases) of long-term investments, net	54,679	(365,184)	6,773,637
Sale of noncontrolling interest in subsidiary	_	189,229	945,895
Net cash used by investing activities	(1,249,333)	(1,424,510)	(83,203,962)
, ,	, , ,	, ,	. , , ,

Continued next page.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended September 30, 2012, 2011 and 2010

		<u>2012</u>	<u>2011</u>	2010
Cash flows from financing activities:				
Repayment of long-term debt and capital lease	\$	(375,000)	\$ (2,865,566)	\$(72,456,369)
Proceeds of bonds net of issuance costs			_	144,010,263
Restricted investment income and				, ,
gain on sale of investments		107,424	86,538	84,481
Net repayments on line of credit		_	(2,500,000)	_
Restricted contributions, pledges and grants		772,738	1,611,413	1,016,515
Swap termination payoff		_	_	(11,037,500)
Noncontrolling interest in consolidated subsidiary		(472,525)	(431,388)	
Net cash provided (used) by financing activities		32,637	(4,099,003)	61,617,390
Net increase (decrease) in cash and cash equivalents	1	1,802,571	2,013,705	(20,318,571)
Cash and cash equivalents, beginning of year		3,064,244	<u>1,050,539</u>	21,369,110
Cash and cash equivalents, end of year	\$ <u>1</u> 2	<u>1,866,815</u>	\$ <u>3,064,244</u>	\$ <u>1,050,539</u>
Sanatana da 11. 1 a ma Garat G				
Supplemental disclosure of cash flow information:				
Cash paid during the year for interest (including				
capitalized interest of \$422,125 in 2012,	Φ 0	011 445	e 0.212.025	Ф. 2.200.722
\$2,687,859 in 2011 and \$2,633,501 in 2010)	\$8	<u> 8,811,445</u>	\$ <u>8,213,025</u>	\$ <u>3,390,732</u>

See accompanying notes.

LRGHealthcare MISSION STATEMENT

PURPOSE: LRGHealthcare's purpose shall be as recited in Article II of the Amended and

Restated Articles of Agreement.

MISSION: To provide quality, compassionate care and to strengthen the well-being of our

community.

VISION: The LRGHealthcare Organization shall be the preeminent provider of high levels of

Quality Health Care, Patient Safety, and overall community satisfaction throughout

the Lakes Region of New Hampshire.

July 1, 2002

Reaffirmed by the Members at their Annual Meeting on January 20, 2003

Reaffirmed by the Members at their Annual Meeting on January 26, 2004

Reaffirmed by the Members at their Annual Meeting on January 24, 2005

Reaffirmed by the Members at their Annual Meeting on January 23, 2006

Revised and Reaffirmed by the Members at their Annual Meeting on January 22, 2007

Revised and Reaffirmed by the Members at their Annual Meeting on January 28, 2008

Reaffirmed by the Members at their Annual Meeting on January 26, 2009

Revised and Reaffirmed by the Members at their Annual Meeting on April 7, 2010

Reaffirmed by the Members at their Annual Meeting on April 6, 2011

Revised by the Board of Trustees 7/25/11 (Vision)

Revised by the Board of Trustees 10/24/11 (Mission)

Reaffirmed by the Members at their Annual Meeting on April 4, 2012

Reaffirmed by the Members at their Annual Meeting on April 3, 2013

THOMAS A. CLAIRMONT

Mr. Clairmont currently serves as President/CEO of LRGHealthcare. He has been affiliated with the Lakes Region General Hospital since 1971. Prior to being appointed President/CEO in March of 1989, Mr. Clairmont served as Executive Vice President, Vice President of Operations and Finance, Director of Fiscal Services, Comptroller and Accountant for the Hospital. He has also served as CEO of Franklin Regional Hospital since July of 2001. He is an Honors graduate of St. Michael's College in Winooski, Vermont, where he received his Bachelor of Arts Degree in Business. In 1985, Mr. Clairmont received his Masters in Business Administration with High Honors from Boston University, with a concentration in Healthcare Management.

Mr. Clairmont currently serves as a member of several community organizations including the following: Belmont Elderly Housing, Board Member; Caring Community Network of the Twin Rivers, Board Member; Community Health & Hospice, Incorporator; Health First Family Care Center, Board Member/Treasurer; Laconia Savings Bank, Incorporator; New Hampshire Healthy Kids Corporation, Board Member/Treasurer; Rural Health Coalition of N.H., Member/Past Chairman; and Taylor Community, Incorporator.

His past affiliations include: Anthem Blue Cross Blue Shield of N.H., Advisory Committee Member; New Hampshire Hospital Association and Foundation for Healthy Communities, Chairman and Board Member; American Hospital Association Region I Policy Board, N.H. Delegate; Belknap County Economic Development Council, Board Member; Belmont Fire & Rescue, Treasurer/Firefighter; Education Coalition of Central New Hampshire, Board Member; Governor's Business Commission on Child Care and Early Childhood Education, Commissioner; Governor's Business Partners for Early Learning, Board Member; Greater White Mountain Chapter American Red Cross, Board Member; Lakes Region Childcare Financing Collaborative, Member; Lakes Region Community Development Clearinghouse, Board Member; Lakes Region Rotary Club, Member; Health Care Fund Community Grants Program, Advisory Committee Member; Endowment for Health, Advisory Council Member; New Hampshire Charitable Trust, Incorporator; and Lakes Region United Way, Board Member.

Under his leadership, Lakes Region General Hospital was a recipient of an American Hospital Association Nova Award in 1994, *Business NH Magazine's* Business of the Year for Healthcare in 1998, and *Business NH Magazine's* Business of the Decade for Health Care in 2000. Mr. Clairmont was the recipient of the 1996 Jim Irwin Award for Community Service in the Lakes Region and was one of eight recipients of the *Business NH Magazine's* NH Leaders for the 21st Century in the category of Health Care. In July of 2012, LRGHealthcare will celebrate the anniversary of the

Born at LRGH and a native of Beln	nont, Tom raises Arabian horses with his		
farming.		Tom also	enjoys gardening and

LRGHealthcare ..

2013 Members of the Board of Trustees

Officers

Board Chairman

Scott Clarenbach

Vice Chairman Scott Sullivan Secretary

Cynthia Baron

Treasurer

Tom Clairmont

Trustees

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Elizabeth Merry

Austin Broadhurst, Jr.

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BJ Eckardt

Peg Plumer

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Judie Reever

William Grimm

Gil Schohan

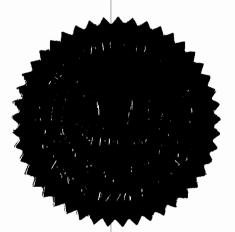
Nancy Leroy

Stuart Trachy

State of New Hampshire Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that LRGHEALTHCARE is a New Hampshire nonprofit corporation formed November 15, 2013. I further certify that it is in good standing as far as this office is concerned, having filed the return(s) and paid the fees required by law.



In TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Seal of the State of New Hampshire, this 19th day of September A.D. 2013

William M. Gardner Secretary of State



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 09/05/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER. IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s) MÀRSH USA, INC PHONE (A/C, No, Ext): E-MAIL ADDRESS: 99 HIGH STREET BOSTON, MA 02110 Attn: Boston.certrequest@marsh.com INSURER(S) AFFORDING COVERAGE Granite Shield Insurance Exchange 319078-LRG-gener-13-14 INSURER A: INSURED INSURER B : LRGHealthcare Attn: Henry Lipman INSURER C 80 Highland Street INSURER D Laconia, NH 03246 INSURER E : INSURER F **COVERAGES CERTIFICATE NUMBER:** NYC-006734666-01 **REVISION NUMBER: 2** THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS. EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. ADDL SUBR POLICY EFF POLICY EXP NSR LTR TYPE OF INSURANCE LIMITS **POLICY NUMBER** INSR WYD GSIE-PRIM-2013-103 GENERAL LIABILITY 01/01/2014 2,000,000 01/01/2013 Α EACH OCCURRENCE DAMAGE TO RENTED COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR MED EXP (Any one person) PERSONAL & ADV INJURY 5 12,000,000 **GENERAL AGGREGATE** 5 GEN'L AGGREGATE LIMIT APPLIES PER PRODUCTS - COMPIOP AGG 5 PRO-X POLICY COMBINED SINGLE LIMIT (Ea accident) **AUTOMOBILE LIABILITY** BODILY INJURY (Per person) 5 ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS NON-OWNED AUTOS BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident) HIRED AUTOS UMBRELLA LIAB OCCUR EACH OCCURRENCE **EXCESS LIAB** AGGREGATE S CLAIMS-MADE DED RETENTION \$ WORKERS COMPENSATION TORY LIMITS AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) E.L. EACH ACCIDENT E L. DISEASE - EA EMPLOYER S If yes, describe under DESCRIPTION OF OPERATIONS below EL DISEASE - POLICY LIMIT : \$ DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required) CANCELLATION CERTIFICATE HOLDER · SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE STATE OF NEW HAMPSHIRE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. DEPARTMENT OF HEALTH AND HUMAN SERVICES DIVISION OF COMMUNITY BASED CARE SERVICES BUREAU OF BEHAVIORAL HEALTH 105 PLEASANT STREET **AUTHORIZED REPRESENTATIVE** CONCORD, NH 03301 of Marsh USA Inc. Meugeniya Muyamina

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LRGHealthcare

care. compassion. community.

September 18, 2013

Ms. Sandy Lawrence State of New Hampshire Bureau of Behavioral Health 105 Pleasant Street Concord, NH 03301

RE: Workers' Compensation Self-Insurance

Dear Ms. Lawrence:

I am writing in response to a request for information on LRGHealthcare's Workers' Compensation insurance coverage. LRGHealthcare is self-insured for primary Workers' Compensation coverage by its LRGHealthcare Workers' Compensation Trust. This trust is registered with the New Hampshire Department of Labor. I have enclosed a Certificate of LRGHealthcare's Excess Workers' Compensation coverage.

If you have any questions or need anything further, please contact me.

Sincerely,

Mitchell B. Jean, Esquire

Director

Risk Management & Safety

MBJ/jgb Enclosure