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STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION FOR CHILDREN, YOUTH & FAMILIES

Jeffrey A. Meyers
Commissioner

Joseph E. Ribsam, Jr.
Director

129 PLEASANT STREET, CONCORD, NH 03301-3857
603-271-4451 1-800-852-3345 Ext. 4451
Fax: 603-271-4729 TDD Access: 1-800-735-2964 www.dhhs.nh.gov

May 31, 2019

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division for Children, Youth and Families, to enter into a **sole source** amendment to an existing agreement with Catholic Medical Center Laboratory (Vendor # 177240R003), 100 McGregor St. Manchester, NH 03102, to provide laboratory services for the John H. Sununu Youth Services Center (SYSC) by increasing the price limitation by \$54,000 from \$162,000 to \$216,000, and by extending the contract completion date from June 30, 2019 to June 30, 2021, effective upon approval from the Governor and Executive Council. 100% General Funds.

This agreement was originally approved by the Governor and Executive Council on June 5, 2013 (Item #81), and subsequently amended on April 22, 2015 (Item #12), and on June 21, 2017 (Item #23).

Funds are available in the following account for State Fiscal Years (SFY) 2020 and 2021:

05-95-42-4220010-7922-421010-7915 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVS, HHS: HUMAN SERVICES, MEDICAL PAYMENTS TO PROVIDERS

SFY	Class / Account	Class Title	Job Number	Current Modified Budget	Increased (Decreased) Amount	Revised Modified Budget
2014	101-500729	Medical Payments to Providers	42151501	\$27,000	\$0	\$27,000
2015	101-500729	Medical Payments to Providers	42151501	\$27,000	\$0	\$27,000
2016	101-500729	Medical Payments to Providers	42151501	\$27,000	\$0	\$27,000
2017	101-500729	Medical Payments to Providers	42151501	\$27,000	\$0	\$27,000
2018	101-500729	Medical Payments to Providers	42151501	\$27,000	\$0	\$27,000
2019	101-500729	Medical Payments	42151501	\$27,000	\$0	\$27,000

		to Providers				
2020	101-500729	Medical Payments to Providers	42151501	\$0	\$27,000	\$27,000
2021	101-500729	Medical Payments to Providers	42151501	\$0	\$27,000	\$27,000
			Total	\$162,000	\$54,000	\$216,000

EXPLANATION

This request is **sole source** because the increase in funding exceeds 10% of the original contract price limitation and the Department is extending the completion date with no renewals available. The Department is satisfied with the services that the Contractor has provided to youth at the SYSC under this contract over the past six (6) years.

The purpose of this request is to allow the Contractor to continue providing laboratory services to the youth who reside at the SYSC. The Contractor provides technical laboratory personnel who collect specimens, at the request of the Department, from youth residents at SYSC. Collecting specimens onsite creates value for the Department because it eliminates the need to transport youth residents to an offsite location, which saves resources such as staff hours and state vehicle usage costs.

These services apply to thirty (30) committed or detained residents at SYSC. Approximately 100 to 150 specimens will be collected and tested from July 1, 2019 through June 30, 2021.

The Contractor collects and analyzes specimens, as ordered by medical staff at SYSC. The specimens are collected onsite at SYSC and transported to a laboratory for testing. Laboratory results are reported to the Department for each sample tested. Specimen treating reports include, but are not limited to:

- Date and time of specimen collection.
- Technician's initials.
- Pathologist's review of testing results.

The Contractor's effectiveness in delivering services will be measured through monitoring of the following performance measures the effectiveness of the amendment agreement:

- The Contractor will provide phlebotomy services at SYSC once weekly.
- The Contractor will collect 100% of specimens ordered by doctors for youths at SYSC.
- The Contractor will provide a Specimen Collection Assurance Report to the Department no less than once each fiscal quarter.
- The Contractor will notify the Department within one (1) working day of any laboratory findings that indicate a reportable disease.
- Test results are delivered to the Department within twenty-four hours of specimen collection.

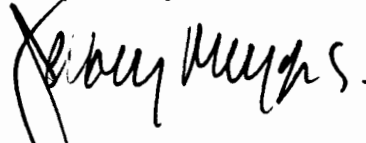
Should the Governor and Executive Council not authorize this request, staff members at SYSC will need to transport youth residents at SYSC to an outside lab facility to collect

specimens for testing. This would increase the cost of specimen collection and testing, as well as increase risk to staff and youth residents. In addition, it may cause delays in the collection of specimens for laboratory testing.

Area served: Residents at SYSC in Manchester.

Source of Funds: 100% General Funds.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeffrey A. Meyers", written over a horizontal line.

Jeffrey A. Meyers
Commissioner

**New Hampshire Department of Health and Human Services
Laboratory Services for the John H. Sununu Youth Services Center**



**State of New Hampshire
Department of Health and Human Services
Amendment #3 to the Laboratory Services for the
John H. Sununu Youth Services Center Contract**

This 3rd Amendment to the John H. Sununu Youth Services Center contract (hereinafter referred to as "Amendment #3") is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Catholic Medical Center Laboratory, (hereinafter referred to as "the Contractor"), a nonprofit corporation with a place of business at 100 McGregor St. Manchester, NH 03102.

WHEREAS, pursuant to an agreement (the "contract") approved by the Governor and Executive Council on June 5, 2013 (Item #81), as amended on April 22, 2015 (Item #12) and on June 21, 2017 (Item #23), the Contractor agreed to perform certain services based upon the terms and conditions specified in the contract as amended and in consideration of certain sums specified; and

WHEREAS, the State and the Contractor have agreed to make changes to the scope of work, payment schedules or terms and conditions of the contract; and

WHEREAS, pursuant to Form P-37, General Provisions, Paragraph 18, the State may modify the scope of work and the payment schedule of the contract upon written agreement of the parties and approval from the Governor and Executive Council; and

WHEREAS, the parties agree to extend the term of the agreement, increase the price limitation, and modify the scope of services to support continued delivery of these services; and

WHEREAS, all terms and conditions of the contract and prior amendments not inconsistent with this Amendment #3 remain in full force and effect; and

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and conditions contained in the contract and set forth herein, the parties hereto agree to amend as follows:

1. Form P-37 General Provisions, Block 1.7, Completion Date, to read:
June 30, 2021.
2. Form P-37, General Provisions, Block 1.8, Price Limitation, to read:
\$216,000.
3. Form P-37, General Provisions, Block 1.9, Contracting Officer for State Agency, to read:
Nathan D. White, Director.
4. Form P-37, General Provisions, Block 1.10, State Agency Telephone Number, to read:
603-271-9631.
5. Exhibit A, Scope of Services, Contract Period, to read:
July 1, 2013 to June 30, 2021.
6. Exhibit B, Method, Schedule, and Conditions Precedent to Payment, Program Period, to read:
July 1, 2013 to June 30, 2021.
7. Delete Standard Exhibit D, Certification Regarding Drug-Free Workplace Requirements, January 2009 in its entirety and replace with Exhibit D, Certification Regarding Drug-Free Workplace Requirements, CU/DHHS/110713.
8. Add Exhibit K, DHHS Information Security Requirements.



**New Hampshire Department of Health and Human Services
Laboratory Services for the John H. Sununu Youth Services Center**

This amendment shall be retroactively effective to July 1, 2019 upon the date of Governor and Executive Council approval.

IN WITNESS WHEREOF, the parties have set their hands as of the date written below,

6/5/19
Date

State of New Hampshire
Department of Health and Human Services
Joseph E. Ribsam
Name: Joseph E. Ribsam
Title: Director

Settany A. Meyers
Commissioner, DHHS

6/3/19
Date

Catholic Medical Center Laboratory
Alexander J. Walker, Jr.
Name: Alexander J. Walker, Jr.
Title: Executive VP + COO

Acknowledgement of Contractor's signature:

State of New Hampshire County of Hillsborough on June 3, 2019 before the undersigned officer, personally appeared the person identified directly above, or satisfactorily proven to be the person whose name is signed above, and acknowledged that s/he executed this document in the capacity indicated above.

Joy C. Bellemare
Signature of Notary Public or Justice of the Peace

Joy Bellemare, Executive Admin & Notary
Name and Title of Notary or Justice of the Peace

My Commission Expires: September 13, 2022

JOY C. BELLEMARE
Notary Public - New Hampshire
My Commission Expires September 13, 2022

**New Hampshire Department of Health and Human Services
Laboratory Services for the John H. Sununu Youth Services Center**



The preceding Amendment, having been reviewed by this office, is approved as to form, substance, and execution.

OFFICE OF THE ATTORNEY GENERAL

6/5/2019
Date

Lisa M. English
Name: Lisa M. English
Title: Special Attorney

I hereby certify that the foregoing Amendment was approved by the Governor and Executive Council of the State of New Hampshire at the Meeting on: _____ (date of meeting)

OFFICE OF THE SECRETARY OF STATE

Date

Name:
Title:



CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

The Vendor 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 GRANTEEES 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

1. The grantee certifies that it will or will continue to provide a drug-free workplace by:
 - 1.1. 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;
 - 1.2. Establishing an ongoing drug-free awareness program to inform employees about
 - 1.2.1. The dangers of drug abuse in the workplace;
 - 1.2.2. The grantee's policy of maintaining a drug-free workplace;
 - 1.2.3. Any available drug counseling, rehabilitation, and employee assistance programs; and
 - 1.2.4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
 - 1.3. 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);
 - 1.4. Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will
 - 1.4.1. Abide by the terms of the statement; and
 - 1.4.2. 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;
 - 1.5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 1.4.2 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

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6/3/2009

New Hampshire Department of Health and Human Services
Exhibit D



- has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- 1.6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 1.4.2, with respect to any employee who is so convicted
 - 1.6.1. 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
 - 1.6.2. 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;
 - 1.7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1.1, 1.2, 1.3, 1.4, 1.5, and 1.6.
2. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant.

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

Check ☐ if there are workplaces on file that are not identified here.

6/3/2019
Date

Vendor Name: _____
Name: Alexander J. Walker, Jr.
Title: Executive VP + CCO

Vendor Initials: [Signature]
Date: 6/3/2019

New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



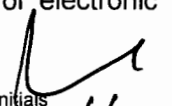
A. Definitions

The following terms may be reflected and have the described meaning in this document:

1. "Breach" means the loss of control, compromise, unauthorized disclosure, unauthorized acquisition, unauthorized access, or any similar term referring to situations where persons other than authorized users and for an other than authorized purpose have access or potential access to personally identifiable information, whether physical or electronic. With regard to Protected Health Information, "Breach" shall have the same meaning as the term "Breach" in section 164.402 of Title 45, Code of Federal Regulations.
2. "Computer Security Incident" shall have the same meaning "Computer Security Incident" in section two (2) of NIST Publication 800-61, Computer Security Incident Handling Guide, National Institute of Standards and Technology, U.S. Department of Commerce.
3. "Confidential Information" or "Confidential Data" means all confidential information disclosed by one party to the other such as all medical, health, financial, public assistance benefits and personal information including without limitation, Substance Abuse Treatment Records, Case Records, Protected Health Information and Personally Identifiable Information.

Confidential Information also includes any and all information owned or managed by the State of NH - created, received from or on behalf of the Department of Health and Human Services (DHHS) or accessed in the course of performing contracted services - of which collection, disclosure, protection, and disposition is governed by state or federal law or regulation. This information includes, but is not limited to Protected Health Information (PHI), Personal Information (PI), Personal Financial Information (PFI), Federal Tax Information (FTI), Social Security Numbers (SSN), Payment Card Industry (PCI), and or other sensitive and confidential information.

4. "End User" means any person or entity (e.g., contractor, contractor's employee, business associate, subcontractor, other downstream user, etc.) that receives DHHS data or derivative data in accordance with the terms of this Contract.
5. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996 and the regulations promulgated thereunder.
6. "Incident" means an act that potentially violates an explicit or implied security policy, which includes attempts (either failed or successful) to gain unauthorized access to a system or its data, unwanted disruption or denial of service, the unauthorized use of a system for the processing or storage of data; and changes to system hardware, firmware, or software characteristics without the owner's knowledge, instruction, or consent. Incidents include the loss of data through theft or device misplacement, loss or misplacement of hardcopy documents, and misrouting of physical or electronic


6/2/2017



mail, all of which may have the potential to put the data at risk of unauthorized access, use, disclosure, modification or destruction.

7. "Open Wireless Network" means any network or segment of a network that is not designated by the State of New Hampshire's Department of Information Technology or delegate as a protected network (designed, tested, and approved, by means of the State, to transmit) will be considered an open network and not adequately secure for the transmission of unencrypted PI, PFI, PHI or confidential DHHS data.
8. "Personal Information" (or "PI") means information which can be used to distinguish or trace an individual's identity, such as their name, social security number, personal information as defined in New Hampshire RSA 359-C:19, biometric records, etc., alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother's maiden name, etc.
9. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Parts 160 and 164, promulgated under HIPAA by the United States Department of Health and Human Services.
10. "Protected Health Information" (or "PHI") has the same meaning as provided in the definition of "Protected Health Information" in the HIPAA Privacy Rule at 45 C.F.R. § 160.103.
11. "Security Rule" shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 C.F.R. Part 164, Subpart C, and amendments thereto.
12. "Unsecured Protected Health Information" means Protected Health Information that is not secured by a technology standard that renders Protected Health Information unusable, unreadable, or indecipherable to unauthorized individuals and is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute.

I. RESPONSIBILITIES OF DHHS AND THE CONTRACTOR

A. Business Use and Disclosure of Confidential Information.

1. The Contractor must not use, disclose, maintain or transmit Confidential Information except as reasonably necessary as outlined under this Contract. Further, Contractor, including but not limited to all its directors, officers, employees and agents, must not use, disclose, maintain or transmit PHI in any manner that would constitute a violation of the Privacy and Security Rule.
2. The Contractor must not disclose any Confidential Information in response to a

6/3/2019

A

DHHS Information Security Requirements



request for disclosure on the basis that it is required by law, in response to a subpoena, etc., without first notifying DHHS so that DHHS has an opportunity to consent or object to the disclosure.

3. If DHHS notifies the Contractor that DHHS 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 Contractor must be bound by such additional restrictions and must not disclose PHI in violation of such additional restrictions and must abide by any additional security safeguards.
4. The Contractor agrees that DHHS Data or derivative there from disclosed to an End User must only be used pursuant to the terms of this Contract.
5. The Contractor agrees DHHS Data obtained under this Contract may not be used for any other purposes that are not indicated in this Contract.
6. The Contractor agrees to grant access to the data to the authorized representatives of DHHS for the purpose of inspecting to confirm compliance with the terms of this Contract.

II. METHODS OF SECURE TRANSMISSION OF DATA

1. Application Encryption. If End User is transmitting DHHS data containing Confidential Data between applications, the Contractor attests the applications have been evaluated by an expert knowledgeable in cyber security and that said application's encryption capabilities ensure secure transmission via the internet.
2. Computer Disks and Portable Storage Devices. End User may not use computer disks or portable storage devices, such as a thumb drive, as a method of transmitting DHHS data.
3. Encrypted Email. End User may only employ email to transmit Confidential Data if email is encrypted and being sent to and being received by email addresses of persons authorized to receive such information.
4. Encrypted Web Site. If End User is employing the Web to transmit Confidential Data, the secure socket layers (SSL) must be used and the web site must be secure. SSL encrypts data transmitted via a Web site.
5. File Hosting Services, also known as File Sharing Sites. End User may not use file hosting services, such as Dropbox or Google Cloud Storage, to transmit Confidential Data.
6. Ground Mail Service. End User may only transmit Confidential Data via *certified* ground mail within the continental U.S. and when sent to a named individual.
7. Laptops and PDA. If End User is employing portable devices to transmit Confidential Data said devices must be encrypted and password-protected.
8. Open Wireless Networks. End User may not transmit Confidential Data via an open

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6/3/2019



- wireless network. End User must employ a virtual private network (VPN) when remotely transmitting via an open wireless network.
9. Remote User Communication. If End User is employing remote communication to access or transmit Confidential Data, a virtual private network (VPN) must be installed on the End User's mobile device(s) or laptop from which information will be transmitted or accessed.
 10. SSH File Transfer Protocol (SFTP), also known as Secure File Transfer Protocol. If End User is employing an SFTP to transmit Confidential Data, End User will structure the Folder and access privileges to prevent inappropriate disclosure of information. SFTP folders and sub-folders used for transmitting Confidential Data will be coded for 24-hour auto-deletion cycle (i.e. Confidential Data will be deleted every 24 hours).
 11. Wireless Devices. If End User is transmitting Confidential Data via wireless devices, all data must be encrypted to prevent inappropriate disclosure of information.

III. RETENTION AND DISPOSITION OF IDENTIFIABLE RECORDS

The Contractor will only retain the data and any derivative of the data for the duration of this Contract. After such time, the Contractor will have 30 days to destroy the data and any derivative in whatever form it may exist, unless, otherwise required by law or permitted under this Contract. To this end, the parties must:

A. Retention

1. The Contractor agrees it will not store, transfer or process data collected in connection with the services rendered under this Contract outside of the United States. This physical location requirement shall also apply in the implementation of cloud computing, cloud service or cloud storage capabilities, and includes backup data and Disaster Recovery locations.
2. The Contractor agrees to ensure proper security monitoring capabilities are in place to detect potential security events that can impact State of NH systems and/or Department confidential information for contractor provided systems.
3. The Contractor agrees to provide security awareness and education for its End Users in support of protecting Department confidential information.
4. The Contractor agrees to retain all electronic and hard copies of Confidential Data in a secure location and identified in section IV. A.2
5. The Contractor agrees Confidential Data stored in a Cloud must be in a FedRAMP/HITECH compliant solution and comply with all applicable statutes and regulations regarding the privacy and security. All servers and devices must have currently-supported and hardened operating systems, the latest anti-viral, anti-hacker, anti-spam, anti-spyware, and anti-malware utilities. The environment, as a


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whole, must have aggressive intrusion-detection and firewall protection.


6. The Contractor agrees to and ensures its complete cooperation with the State's Chief Information Officer in the detection of any security vulnerability of the hosting infrastructure.

B. Disposition

1. If the Contractor will maintain any Confidential Information on its systems (or its sub-contractor systems), the Contractor will maintain a documented process for securely disposing of such data upon request or contract termination; and will obtain written certification for any State of New Hampshire data destroyed by the Contractor or any subcontractors as a part of ongoing, emergency, and or disaster recovery operations. When no longer in use, electronic media containing State of New Hampshire data shall be rendered unrecoverable via a secure wipe program in accordance with industry-accepted standards for secure deletion and media sanitization, or otherwise physically destroying the media (for example, degaussing) as described in NIST Special Publication 800-88, Rev 1, Guidelines for Media Sanitization, National Institute of Standards and Technology, U. S. Department of Commerce. The Contractor will document and certify in writing at time of the data destruction, and will provide written certification to the Department upon request. The written certification will include all details necessary to demonstrate data has been properly destroyed and validated. Where applicable, regulatory and professional standards for retention requirements will be jointly evaluated by the State and Contractor prior to destruction.
2. Unless otherwise specified, within thirty (30) days of the termination of this Contract, Contractor agrees to destroy all hard copies of Confidential Data using a secure method such as shredding.
3. Unless otherwise specified, within thirty (30) days of the termination of this Contract, Contractor agrees to completely destroy all electronic Confidential Data by means of data erasure, also known as secure data wiping.

IV. PROCEDURES FOR SECURITY

- A. Contractor agrees to safeguard the DHHS Data received under this Contract, and any derivative data or files, as follows:
 1. The Contractor will maintain proper security controls to protect Department confidential information collected, processed, managed, and/or stored in the delivery of contracted services.
 2. The Contractor will maintain policies and procedures to protect Department confidential information throughout the information lifecycle, where applicable, (from creation, transformation, use, storage and secure destruction) regardless of the media used to store the data (i.e., tape, disk, paper, etc.).


4/3/2019

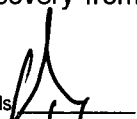
New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



3. The Contractor will maintain appropriate authentication and access controls to contractor systems that collect, transmit, or store Department confidential information where applicable.
4. The Contractor will ensure proper security monitoring capabilities are in place to detect potential security events that can impact State of NH systems and/or Department confidential information for contractor provided systems.
5. The Contractor will provide regular security awareness and education for its End Users in support of protecting Department confidential information.
6. If the Contractor will be sub-contracting any core functions of the engagement supporting the services for State of New Hampshire, the Contractor will maintain a program of an internal process or processes that defines specific security expectations, and monitoring compliance to security requirements that at a minimum match those for the Contractor, including breach notification requirements.
7. The Contractor will work with the Department to sign and comply with all applicable State of New Hampshire and Department system access and authorization policies and procedures, systems access forms, and computer use agreements as part of obtaining and maintaining access to any Department system(s). Agreements will be completed and signed by the Contractor and any applicable sub-contractors prior to system access being authorized.
8. If the Department determines the Contractor is a Business Associate pursuant to 45 CFR 160.103, the Contractor will execute a HIPAA Business Associate Agreement (BAA) with the Department and is responsible for maintaining compliance with the agreement.
9. The Contractor will work with the Department at its request to complete a System Management Survey. The purpose of the survey is to enable the Department and Contractor to monitor for any changes in risks, threats, and vulnerabilities that may occur over the life of the Contractor engagement. The survey will be completed annually, or an alternate time frame at the Departments discretion with agreement by the Contractor, or the Department may request the survey be completed when the scope of the engagement between the Department and the Contractor changes.
10. The Contractor will not store, knowingly or unknowingly, any State of New Hampshire or Department data offshore or outside the boundaries of the United States unless prior express written consent is obtained from the Information Security Office leadership member within the Department.
11. Data Security Breach Liability. In the event of any security breach Contractor shall make efforts to investigate the causes of the breach, promptly take measures to prevent future breach and minimize any damage or loss resulting from the breach. The State shall recover from the Contractor all costs of response and recovery from


4/1/2019

New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



the breach, including but not limited to: credit monitoring services, mailing costs and costs associated with website and telephone call center services necessary due to the breach.

12. Contractor must, comply with all applicable statutes and regulations regarding the privacy and security of Confidential Information, and must in all other respects maintain the privacy and security of PI and PHI at a level and scope that is not less than the level and scope of requirements applicable to federal agencies, including, but not limited to, provisions of the Privacy Act of 1974 (5 U.S.C. § 552a), DHHS Privacy Act Regulations (45 C.F.R. §5b), HIPAA Privacy and Security Rules (45 C.F.R. Parts 160 and 164) that govern protections for individually identifiable health information and as applicable under State law.
13. Contractor agrees to establish and maintain appropriate administrative, technical, and physical safeguards to protect the confidentiality of the Confidential Data and to prevent unauthorized use or access to it. The safeguards must provide a level and scope of security that is not less than the level and scope of security requirements established by the State of New Hampshire, Department of Information Technology. Refer to Vendor Resources/Procurement at <https://www.nh.gov/doit/vendor/index.htm> for the Department of Information Technology policies, guidelines, standards, and procurement information relating to vendors.
14. Contractor agrees to maintain a documented breach notification and incident response process. The Contractor will notify the State's Privacy Officer and the State's Security Officer of any security breach immediately, at the email addresses provided in Section VI. This includes a confidential information breach, computer security incident, or suspected breach which affects or includes any State of New Hampshire systems that connect to the State of New Hampshire network.
15. Contractor must restrict access to the Confidential Data obtained under this Contract to only those authorized End Users who need such DHHS Data to perform their official duties in connection with purposes identified in this Contract.
16. The Contractor must ensure that all End Users:
 - a. comply with such safeguards as referenced in Section IV A. above, implemented to protect Confidential Information that is furnished by DHHS under this Contract from loss, theft or inadvertent disclosure.
 - b. safeguard this information at all times.
 - c. ensure that laptops and other electronic devices/media containing PHI, PI, or PFI are encrypted and password-protected.
 - d. send emails containing Confidential Information only if encrypted and being sent to and being received by email addresses of persons authorized to receive such information.

New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



- e. limit disclosure of the Confidential Information to the extent permitted by law.
- f. Confidential Information received under this Contract and individually identifiable data derived from DHHS Data, must be stored in an area that is physically and technologically secure from access by unauthorized persons during duty hours as well as non-duty hours (e.g., door locks, card keys, biometric identifiers, etc.).
- g. only authorized End Users may transmit the Confidential Data, including any derivative files containing personally identifiable information, and in all cases, such data must be encrypted at all times when in transit, at rest, or when stored on portable media as required in section IV above.
- h. in all other instances Confidential Data must be maintained, used and disclosed using appropriate safeguards, as determined by a risk-based assessment of the circumstances involved.
- i. understand that their user credentials (user name and password) must not be shared with anyone. End Users will keep their credential information secure. This applies to credentials used to access the site directly or indirectly through a third party application.

Contractor is responsible for oversight and compliance of their End Users. DHHS reserves the right to conduct onsite inspections to monitor compliance with this Contract, including the privacy and security requirements provided in herein, HIPAA, and other applicable laws and Federal regulations until such time the Confidential Data is disposed of in accordance with this Contract.

V. LOSS REPORTING

The Contractor must notify the State's Privacy Officer and Security Officer of any Security Incidents and Breaches immediately, at the email addresses provided in Section VI.

The Contractor must further handle and report Incidents and Breaches involving PHI in accordance with the agency's documented Incident Handling and Breach Notification procedures and in accordance with 42 C.F.R. §§ 431.300 - 306. In addition to, and notwithstanding, Contractor's compliance with all applicable obligations and procedures, Contractor's procedures must also address how the Contractor will:

- 1. Identify Incidents;
- 2. Determine if personally identifiable information is involved in Incidents;
- 3. Report suspected or confirmed Incidents as required in this Exhibit or P-37;
- 4. Identify and convene a core response group to determine the risk level of Incidents and determine risk-based responses to Incidents; and

6/3/2018
[Signature]

New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



5. Determine whether Breach notification is required, and, if so, identify appropriate Breach notification methods, timing, source, and contents from among different options, and bear costs associated with the Breach notice as well as any mitigation measures.

Incidents and/or Breaches that implicate PI must be addressed and reported, as applicable, in accordance with NH RSA 359-C:20.


VI. PERSONS TO CONTACT

A. DHHS Privacy Officer:

DHHSPrivacyOfficer@dhhs.nh.gov

B. DHHS Security Officer:

DHHSInformationSecurityOffice@dhhs.nh.gov


6/2/2017

State of New Hampshire

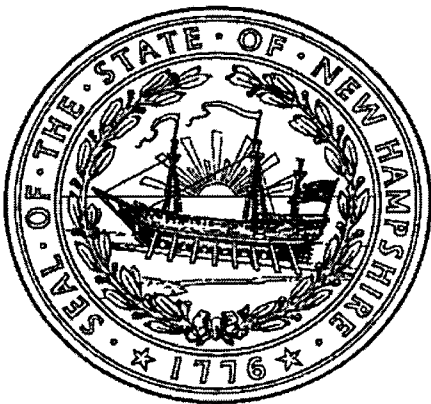
Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that CATHOLIC MEDICAL CENTER is a New Hampshire Nonprofit Corporation registered to transact business in New Hampshire on November 07, 1974. I further certify that all fees and documents required by the Secretary of State's office have been received and is in good standing as far as this office is concerned.

Business ID: **62116**

Certificate Number: **0004087581**



IN TESTIMONY WHEREOF,
I hereto set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 25th day of April A.D. 2018.

A handwritten signature in black ink, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State

Filing History

 [Back to Home \(/online\)](#)**Business Name****Business ID**

CATHOLIC MEDICAL CENTER

62116

Filing#	Filing Date	Effective Date	Filing Type	Annual Report Year
0004462943	03/26/2019	03/26/2019	Tradename D/B/A Expiration Notice	N/A
0003490819	12/30/2016	12/30/2016	Amendment	N/A
0003206584	12/30/2015	12/30/2015	Nonprofit Report	2015
0000518870	01/10/2011	01/10/2011	Annual Report	2010
0000518869	10/08/2010	10/08/2010	Reminder Letter	N/A
0000518868	12/29/2005	12/29/2005	Annual Report	2005
0000518867	12/31/2001	12/31/2001	Amendment	N/A
0000518866	06/30/2000	06/30/2000	Amendment	N/A
0000518865	02/14/2000	02/14/2000	Annual Report	2000
0000518864	12/07/1995	12/07/1995	Annual Report	1995
0000518863	03/09/1994	03/09/1994	Amendment	N/A
0000518862	02/22/1994	02/22/1994	Amendment	N/A
0000518861	03/13/1990	03/13/1990	Annual Report	1990
0000518860	01/12/1989	01/12/1989	Amendment	N/A
0000518859	05/09/1985	05/09/1985	Amendment	N/A
0000518858	12/28/1976	12/28/1976	Amendment	N/A
0000518857	02/19/1976	02/19/1976	Amendment	N/A
0000518856	12/31/1975	12/31/1975	Annual Report	N/A
0000518855	11/07/1974	11/07/1974	Business Formation	N/A

Page 1 of 1, records 1 to 19 of 19

CERTIFICATE OF VOTE

I, Matthew Kfoury, Officer and Secretary, of Catholic Medical Center, do hereby certify that:

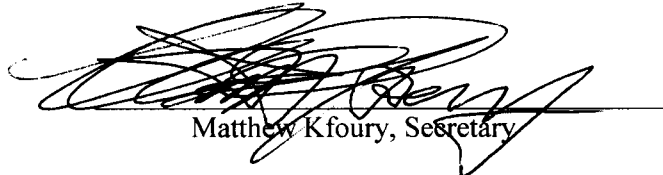
1. I am the duly elected Secretary of Catholic Medical Center, a non profit corporation;
2. The following are true copies of two resolutions duly adopted at a meeting of the Board of Trustees of the corporation, duly held on May 30, 2019

RESOLVED: That this corporation may enter into any and all contracts, amendments, renewals, revisions or modifications thereto, with the State of New Hampshire, acting through its Department of Health and Human Services, for the provision of laboratory services.

RESOLVED: That the Executive Vice President and Chief Operations Officer is hereby authorized on behalf of this corporation to enter into said contract with the State and to execute any and all documents, agreements, and other instruments; and any amendments, revisions, or modifications thereto, as he/she may deem necessary, desirable, or appropriate.

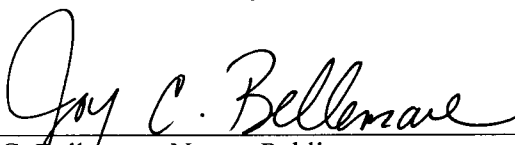
3. The foregoing resolutions have not been amended or revoked and remain in full force and effect as of June 3, 2019;
4. Alexander J. Walker, Jr. is the duly authorized Executive Vice President and Chief Operations Officer of the corporation.

IN WITNESS WHEREOF, I have hereunto set my hand as the Secretary of the corporation this 5th day of June 2019.


Matthew Kfoury, Secretary

STATE OF NEW HAMPSHIRE
COUNTY OF HILLSBOROUGH

The foregoing instrument was acknowledged before me this 5th day of June, 2019 by
Matthew Kfoury.


Joy C. Bellemare, Notary Public
My Commission Expires: September 13, 2022

JOY C. BELLEMARE
Notary Public - New Hampshire
My Commission Expires September 13, 2022



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
04/26/2019

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.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or 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).

PRODUCER MARSH USA INC. 99 HIGH STREET BOSTON MA 02110 Attn: Boston.certrequest@Marsh.com Fax 212-948-4377	CONTACT NAME: PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL ADDRESS:
INSURED CMC HEALTHCARE SYSTEM 100 MCGREGOR STREET MANCHESTER NH 03102	INSURER(S) AFFORDING COVERAGE INSURER A: Pro Select Insurance Company INSURER B: Safety National Casualty Corp INSURER C: N/A INSURER D: N/A INSURER E: INSURER F:
CA109021768-ALL-GAWUP-18-19 Non MD	NAIC # 15105 N/A N/A

COVERAGES**CERTIFICATE NUMBER:**

NYC-010237164-04

REVISION NUMBER: 8

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.

INSR LTR	TYPE OF INSURANCE	ADD'L SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER		002NH000016052	10/01/2018	10/01/2019	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGG \$ 3,000,000 \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTIONS					EACH OCCURRENCE \$ AGGREGATE \$ \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input checked="" type="checkbox"/> N	SP 4058916 "SIR \$750,000"	07/01/2018	10/01/2019	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDERNH DHHS
129 Pleasant St
Concord NH 03301-3857**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
of Marsh USA Inc.

Elizabeth Stapleton

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The heart of Catholic Medical Center is to carry out Christ's healing ministry by offering health, healing and hope to every individual who seeks our care.



VALUES

Our values are rooted in the fundamental values of promoting and defending human dignity and respecting the sacredness of human life. We are committed to:

Compassion

Respect

Patient-Centered Care

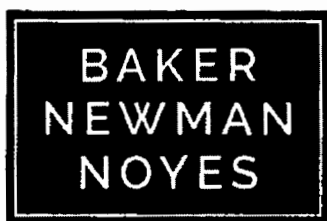
Human Dignity

Excellence

VISION

Guided by our Mission and Values, we are committed to becoming the finest customer experience, lowest cost, and best outcome provider in the region.

HISTORY



CMC Healthcare System, Inc.

**Audited Consolidated Financial Statements
and Other Financial Information**

*Year Ended September 30, 2018
With Independent Auditors' Report*

Baker Newman Noyes, LLC

**MAINE | MASSACHUSETTS | NEW HAMPSHIRE
800.244.7444 | www.bnn CPA.com**

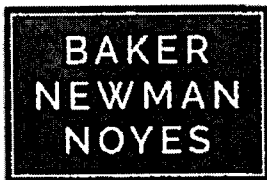
CMC HEALTHCARE SYSTEM, INC.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

Year Ended September 30, 2018

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
CMC Healthcare System, Inc.

We have audited the accompanying consolidated financial statements of CMC Healthcare System, Inc., which comprise the consolidated balance sheet as of September 30, 2018, and the related consolidated statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CMC Healthcare System, Inc. as of September 30, 2018, and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Baker Newman & Noyes LLC

Manchester, New Hampshire
February 12, 2019

CMC HEALTHCARE SYSTEM, INC.

CONSOLIDATED BALANCE SHEET

September 30, 2018

ASSETS

Current assets:

Cash and cash equivalents	\$ 61,849,320
Short-term investments	29,009,260
Accounts receivable, less allowance for doubtful accounts of \$21,892,905	55,326,986
Inventories	3,583,228
Other current assets	<u>10,664,957</u>

Total current assets 160,433,751

Property, plant and equipment, net 134,597,894

Other assets:

Intangible assets and other 17,581,549

Assets whose use is limited:

Pension and insurance obligations	17,859,458
Board designated and donor restricted investments and restricted grants	127,267,085
Held by trustee under revenue bond agreements	<u>36,660,053</u>

181,786,596

Total assets \$494,399,790

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	\$ 30,789,153
Accrued salaries, wages and related accounts	22,673,489
Amounts payable to third-party payors	14,643,104
Current portion of long-term debt	<u>4,365,199</u>
Total current liabilities	72,470,945
Accrued pension and other liabilities, less current portion	122,463,230
Long-term debt, less current portion	<u>122,913,717</u>
Total liabilities	317,847,892
Net assets:	
Unrestricted	166,125,080
Temporarily restricted	1,190,721
Permanently restricted	<u>9,236,097</u>
Total net assets	176,551,898
	<hr/>
Total liabilities and net assets	<u>\$494,399,790</u>

See accompanying notes.

CMC HEALTHCARE SYSTEM, INC.

CONSOLIDATED STATEMENT OF OPERATIONS

Year Ended September 30, 2018

Net patient service revenues, net of contractual allowances and discounts	\$452,510,375
Provision for doubtful accounts	<u>(20,334,249)</u>
Net patient service revenues less provision for doubtful accounts	432,176,126
Other revenue	19,454,686
Disproportionate share funding	<u>17,993,289</u>
Total revenues	469,624,101
Expenses:	
Salaries, wages and fringe benefits	266,813,278
Supplies and other	160,290,214
New Hampshire Medicaid enhancement tax	19,968,497
Depreciation and amortization	16,136,984
Interest	<u>4,368,765</u>
Total expenses	<u>467,577,738</u>
Income from operations	2,046,363
Nonoperating gains (losses):	
Investment income	3,168,746
Net realized gains on sale of investments	2,918,048
Net periodic pension cost, other than service cost	(1,099,092)
Unrestricted contributions	629,198
Development costs	(635,408)
Other nonoperating loss	<u>(489,294)</u>
Total nonoperating gains, net	<u>4,492,198</u>
Excess of revenues and gains over expenses	6,538,561
Unrealized appreciation on investments	2,325,151
Change in fair value of interest rate swap agreement	302,826
Assets released from restriction used for capital	128,600
Pension-related changes other than net periodic pension cost	<u>20,436,931</u>
Increase in unrestricted net assets	29,732,069
Unrestricted net assets at beginning of year	<u>136,393,011</u>
Unrestricted net assets at end of year	<u>\$166,125,080</u>

See accompanying notes.

CMC HEALTHCARE SYSTEM, INC.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year Ended September 30, 2018

	<u>Unrestricted</u> <u>Net Assets</u>	<u>Temporarily</u> <u>Restricted</u> <u>Net Assets</u>	<u>Permanently</u> <u>Restricted</u> <u>Net Assets</u>	<u>Total</u> <u>Net Assets</u>
Balances at September 30, 2017	\$136,393,011	\$ 924,871	\$8,801,136	\$146,119,018
Excess of revenues and gains over expenses	6,538,561	—	—	6,538,561
Restricted investment income	—	5,421	21,952	27,373
Changes in interest in perpetual trust	—	—	341,439	341,439
Restricted contributions	—	616,466	30,458	646,924
Unrealized appreciation on investments	2,325,151	—	61,431	2,386,582
Change in fair value of interest rate swap agreement	302,826	—	—	302,826
Assets released from restriction used for operations	—	(227,437)	(20,319)	(247,756)
Assets released from restriction used for capital	128,600	(128,600)	—	—
Pension-related changes other than net periodic pension cost	<u>20,436,931</u>	<u>—</u>	<u>—</u>	<u>20,436,931</u>
	<u>29,732,069</u>	<u>265,850</u>	<u>434,961</u>	<u>30,432,880</u>
Balances at September 30, 2018	<u>\$166,125,080</u>	<u>\$1,190,721</u>	<u>\$9,236,097</u>	<u>\$176,551,898</u>

See accompanying notes.

CMC HEALTHCARE SYSTEM, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended September 30, 2018

Operating activities:	
Increase in net assets	\$ 30,432,880
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	16,136,984
Pension-related changes other than net periodic pension cost	(20,436,931)
Restricted gifts and investment income	(674,297)
Net realized gains on sales of investments	(2,918,048)
Increase in interest in perpetual trust	(341,439)
Unrealized appreciation on investments	(2,386,582)
Change in fair value of interest rate swap agreements	(487,593)
Bond discount/premium and issuance cost amortization	(313,993)
Change in operating assets and liabilities:	
Accounts receivable, net	(5,828,809)
Inventories	(176,498)
Other current assets	1,711,535
Other assets	(1,031,639)
Accounts payable and accrued expenses	(5,312,460)
Accrued salaries, wages and related accounts	2,561,918
Amounts payable to third-party payors	291,872
Accrued pension and other liabilities	<u>6,039,303</u>
Net cash provided by operating activities	17,266,203
Investing activities:	
Purchases of property, plant and equipment	(36,812,874)
Net change in assets held by trustee under revenue bond agreements	14,819,012
Proceeds from sales of investments	32,671,019
Purchases of investments	<u>(40,605,899)</u>
Net cash used by investing activities	(29,928,742)
Financing activities:	
Payments on long-term debt	(11,509,593)
Proceeds from issuance of long-term debt	8,130,000
Payments on capital leases	(707,299)
Bond issuance costs	(120,118)
Restricted gifts and investment income	<u>674,297</u>
Net cash used by financing activities	<u>(3,532,713)</u>
Decrease in cash and cash equivalents	(16,195,252)
Cash and cash equivalents at beginning of year	<u>78,044,572</u>
Cash and cash equivalents at end of year	\$ <u>61,849,320</u>

See accompanying notes.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

1. Organization

CMC Healthcare System, Inc. (the System) is a not-for-profit organization formed effective July 1, 2001. The System functioned as the parent company and sole member of Catholic Medical Center (the Medical Center) (until December 31, 2016, as discussed below), Physician Practice Associates, Inc. (PPA), Alliance Enterprises, Inc. (Enterprises), Alliance Resources, Inc. (Resources), Alliance Ambulatory Services, Inc. (AAS), Alliance Health Services, Inc. (AHS), Doctors Medical Association, Inc. (DMA) and St. Peter's Home, Inc.

On December 30, 2016, the System became affiliated with Huggins Hospital (HH), a 25-bed critical access hospital in Wolfeboro, New Hampshire, and Monadnock Community Hospital (MCH), a 25-bed critical access hospital in Peterborough, New Hampshire, through the formation of a common parent, GraniteOne Health (GraniteOne). GraniteOne is a New Hampshire voluntary corporation that is recognized as being a Section 501(c)(3) tax-exempt and "supporting organization" within the meaning of Section 509(a)(3) of the Internal Revenue Code of 1986, as amended (the Code). GraniteOne serves as the sole member of HH and MCH and co-member of the Medical Center, along with the System. GraniteOne is governed by a thirteen member Board of Trustees appointed by each of the respective hospitals within the GraniteOne system. The GraniteOne Board of Trustees governs the GraniteOne system through the existence and execution of reserved powers to approve certain actions by the Boards of Trustees of each of the hospitals. Through GraniteOne, this more integrated healthcare system enhances the affiliated hospitals' ability to coordinate the delivery of patient care, implement best practices, eliminate inefficiencies and collaborate on regional planning. These efforts strengthen the hospitals' ability to meet the healthcare needs of their respective communities and provide for a more seamless patient experience across the continuum of care. The accompanying consolidated financial statements for the year ended September 30, 2018 do not include the accounts and activity of GraniteOne, HH and MCH.

On January 24, 2019, GraniteOne and Dartmouth-Hitchcock Health signed a non-binding letter of intent (LOI) to combine the two integrated healthcare delivery systems. This non-binding LOI is the first step in a potential lengthy process that may include due diligence, negotiation of a definitive agreement, review and approval of each member's Board of Trustees, including that of the System and the Roman Catholic Bishop of the Diocese of Manchester in terms of the Medical Center's participation, and federal and state regulatory approval processes. The combined organization will have a total operating revenue and assets of almost \$3 billion. Expected benefits of the combination include expanding both organizations' primary and specialty services in southern New Hampshire, expanding access to health care in rural communities, and increasing competition by delivering higher-quality, lower cost care in New Hampshire.

2. Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

2. Significant Accounting Policies (Continued)

Principles of Consolidation

The consolidated financial statements include the accounts of the Medical Center, PPA, Enterprises, Resources, AAS, AHS, DMA and St. Peter's Home, Inc. Significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The primary estimates relate to collectibility of receivables from patients and third-party payors, amounts payable to third-party payors, accrued compensation and benefits, conditional asset retirement obligations, and self-insurance reserves.

Income Taxes

The System and all related entities, with the exception of Enterprises and DMA, are not-for-profit corporations as described in Section 501(c)(3) of the Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Management evaluated the System's tax positions and concluded the System has maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment to the consolidated financial statements.

Enterprises and DMA are for-profit organizations and, in accordance with federal and state tax laws, file income tax returns, as applicable. There was no provision for income taxes for the year ended September 30, 2018. There are no significant deferred tax assets or liabilities. These entities have concluded there are no significant uncertain tax positions requiring disclosure and there is no material liability for unrecognized tax benefits. It is the policy of these entities to recognize interest related to unrecognized tax benefits in interest expense and penalties in income tax expense.

Performance Indicator

Excess of revenues and gains over expenses is comprised of operating revenues and expenses and nonoperating gains and losses. For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operating revenue and expenses. Peripheral or incidental transactions are reported as nonoperating gains or losses, which include contributions, development costs, realized gains and losses on the sales of securities, unrestricted investment income, other nonoperating losses, and contributions to community agencies.

Charity Care

The System has a formal charity care policy under which patient care is provided to patients who meet certain criteria without charge or at amounts less than its established rates. The System does not pursue collection of amounts determined to qualify as charity care; therefore, they are not reported as revenues.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

2. Significant Accounting Policies (Continued)

Of the System's \$467,577,738 total expenses reported for the year ended September 30, 2018, an estimated \$7,500,000 arose from providing services to charity patients. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the System's total expenses divided by gross patient service revenue.

Concentration of Credit Risk

Financial instruments which subject the System to credit risk consist primarily of cash equivalents, accounts receivable and investments. The risk with respect to cash equivalents is minimized by the System's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. The System's accounts receivable are primarily due from third-party payors and amounts are presented net of expected contractual allowances and uncollectible amounts. The System's investment portfolio consists of diversified investments, which are subject to market risk. Investments that exceeded 10% of investments include the SSGA S&P 500 Tobacco Free Fund and the Dreyfus Treasury Securities Cash Management Fund as of September 30, 2018.

Cash and Cash Equivalents

Cash and cash equivalents include certificates of deposit with maturities of three months or less when purchased and investments in overnight deposits at various banks. Cash and cash equivalents exclude amounts whose use is limited by board designation and amounts held by trustees under revenue bond and other agreements. The System maintains approximately \$60,000,000 at September 30, 2018 of its cash and cash equivalent accounts with a single institution. The System has not experienced any losses associated with deposits at this institution.

Net Patient Service Revenues and Accounts Receivable

The System has agreements with third-party payors that provide for payments at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, per diem payments and fee schedules. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the year the related services are rendered and adjusted in future years as final settlements are determined. Changes in these estimates are reflected in the consolidated financial statements in the year in which they occur.

The System recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients, the System provides a discount approximately equal to that of its largest private insurance payors.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

2. Significant Accounting Policies (Continued)

The provision for doubtful accounts is based upon management's assessment of historical and expected net collections considering historical business and economic conditions, trends in health care coverage, and other collection indicators. The System records a provision for doubtful accounts in the year services are provided related to self-pay patients, including both uninsured patients and patients with deductible and copayment balances due for which third-party coverage exists for a portion of their balance.

Periodically, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience. The results of this review are then used to make any modifications to the provision for doubtful accounts to establish an appropriate allowance for doubtful accounts. Accounts receivable are written off after collection efforts have been followed in accordance with internal policies.

Inventories

Inventories of supplies are stated at the lower of cost (determined by the first-in, first-out method) or net realizable value.

Related Party Activity

The Medical Center has engaged in various transactions with GraniteOne, HH and MCH. The Medical Center recognized approximately \$3.4 million in revenue from these related parties for the year ended September 30, 2018, which is reflected within other revenues in the accompanying consolidated statement of operations. The Medical Center also incurred approximately \$399,000 in expenses from transactions with these related parties for the year ended September 30, 2018, which is reflected within operating expenses in the accompanying consolidated statement of operations. As of September 30, 2018, the System has a net amount due from these related parties of approximately \$507,000, which is reflected within other current assets in the accompanying consolidated balance sheet.

Property, Plant and Equipment

Property, plant and equipment is stated at cost at time of purchase or fair value at the time of donation, less accumulated depreciation. The System's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures which do not extend the lives of the related assets. The provisions for depreciation and amortization have been determined using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives, which range from 2 to 40 years. Assets which have been purchased but not yet placed in service are included in construction in progress and no depreciation expense is recorded.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

2. Significant Accounting Policies (Continued)

Conditional Asset Retirement Obligations

The System recognizes the fair value of a liability for legal obligations associated with asset retirements in the year in which the obligation is incurred, in accordance with the Accounting Standards for *Accounting for Asset Retirement Obligations* (ASC 410-20). When the liability is initially recorded, the cost of the asset retirement obligation is capitalized by increasing the carrying amount of the related long lived asset. The liability is accreted to its present value each year, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the consolidated statement of operations.

As of September 30, 2018, \$1,078,784 of conditional asset retirement obligations are included within accrued pension and other liabilities in the accompanying consolidated balance sheet.

Goodwill

The System reviews its goodwill and other long-lived assets annually to determine whether the carrying amount of such assets is impaired. Upon determination that an impairment has occurred, these assets are reduced to fair value. There were no impairments recorded for the year ended September 30, 2018. The net carrying value of goodwill is \$4,490,154 at September 30, 2018 and is reflected within intangible assets and other in the accompanying consolidated balance sheet.

Retirement Benefits

The Catholic Medical Center Pension Plan (the Plan) provides retirement benefits for certain employees of the Medical Center and PPA who have attained age twenty-one and work at least 1,000 hours per year. The Plan consists of a benefit accrued to July 1, 1985, plus 2% of plan year earnings (to legislative maximums) per year. The System's funding policy is to contribute amounts to the Plan sufficient to meet minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus such additional amounts as may be determined to be appropriate from time to time. The Plan is intended to constitute a plan described in Section 414(k) of the Code, under which benefits derived from employer contributions are based on the separate account balances of participants in addition to the defined benefits under the Plan.

Effective January 1, 2008 the Medical Center decided to close participation in the Plan to new participants. As of January 1, 2008, current participants continued to participate in the Plan while new employees receive a higher matching contribution to the tax-sheltered annuity benefit program discussed below.

During 2011, the Board of Trustees voted to freeze the accrual of benefits under the Plan effective December 31, 2011.

The Plan was amended effective as of May 1, 2016 to provide a limited opportunity for certain terminated vested participants to elect an immediate lump sum or annuity distribution option.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

2. Significant Accounting Policies (Continued)

The System also maintains tax-sheltered annuity benefit programs in which it matches one half of employee contributions up to 3% of their annual salary, depending on date of hire, plus an additional 3% - 5% based on tenure. The System made matching contributions under the program of \$7,733,193 for the year ended September 30, 2018.

During 2007, the Medical Center created a nonqualified deferred compensation plan covering certain employees under Section 457(b) of the Code. Under the plan, a participant may elect to defer a portion of their compensation to be held until payment in the future to the participant or his or her beneficiary. Consistent with the requirements of the Code, all amounts of deferred compensation, including but not limited to any investments held and all income attributable to such amounts, property, and rights will remain subject to the claims of the Medical Center's creditors, without being restricted to the payment of deferred compensation, until payment is made to the participant or their beneficiary. No contributions were made by the System for the year ended September 30, 2018.

The System also provides a noncontributory supplemental executive retirement plan covering certain former executives of the Medical Center, as defined. The System's policy is to accrue costs under this plan using the "Projected Unit Credit Actuarial Cost Method" and to amortize past service costs over a fifteen year period. Benefits under this plan are based on the participant's final average salary, social security benefit, retirement income plan benefit, and total years of service. Certain investments have been designated for payment of benefits under this plan and are included in assets whose use is limited—pension and insurance obligations.

During 2007, the System created a supplemental executive retirement plan covering certain executives of the Medical Center under Section 457(f) of the Code. The System recorded compensation expense of \$682,820 for the year ended September 30, 2018 related to this plan.

Employee Fringe Benefits

The System has an "earned time" plan. Under this plan, each qualifying employee "earns" hours of paid leave for each pay period worked. These hours of paid leave may be used for vacations, holidays, or illness. Hours earned but not used are vested with the employee and are paid to the employee upon termination. The System expenses the cost of these benefits as they are earned by the employees.

Debt Issuance Costs/Original Issue Discount or Premium

The debt issuance costs incurred to obtain financing for the System's construction and renovation programs and refinancing of prior bonds and the original issue discount or premium are amortized to interest expense using the effective interest method over the repayment period of the bonds. The original issue discount or premium and debt issuance costs are presented as a component of long-term debt.

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include assets held by trustees under indenture agreements, pension and insurance obligations, designated assets set aside by the Board of Trustees, over which the Board retains control and may, at its discretion, subsequently use for other purposes, and donor-restricted investments.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

2. Significant Accounting Policies (Continued)

Classification of Net Assets

Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of donated assets. Temporarily restricted net assets are those whose use by the System has been limited by donors to a specific time period or purpose. When a donor restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of operations as either net assets released from restrictions used for operations (for noncapital-related items and included in other revenue) or as net assets released from restrictions used for capital (for capital-related items).

Permanently restricted net assets have been restricted by donors to be maintained by the System in perpetuity. Income earned on permanently restricted net assets, to the extent not restricted by the donor, including net unrealized appreciation or depreciation on investments, is included in the consolidated statement of operations as unrestricted resources or as a change in temporarily restricted net assets in accordance with donor-intended purposes or applicable law.

Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

Investments and Investment Income

Investments are carried at fair value in the accompanying consolidated financial statements. See Note 7 for further discussion regarding fair value measurements. Realized gains or losses on the sale of investment securities are determined by the specific identification method and are recorded on the settlement date. Unrealized gains and losses on investments are excluded from the excess of revenues and gains over expenses unless the investments are classified as trading securities or losses are considered other-than-temporary. Interest and dividend income on unrestricted investments, unrestricted investment income on permanently restricted investments and unrestricted net realized gains/losses are reported as nonoperating gains/losses.

Derivative Instruments

Derivatives are recognized as either assets or liabilities in the consolidated balance sheet at fair value regardless of the purpose or intent for holding the instrument. Changes in the fair value of derivatives are recognized either in the excess of revenues and gains over expenses or net assets, depending on whether the derivative is speculative or being used to hedge changes in fair value or cash flows. See also Note 5.

Beneficial Interest in Perpetual Trust

The System is the beneficiary of trust funds administered by trustees or other third parties. Trusts wherein the System has the irrevocable right to receive the income earned on the trust assets in perpetuity are recorded as permanently restricted net assets at the fair value of the trust at the date of receipt. Income distributions from the trusts are reported as investment income that increase unrestricted net assets, unless restricted by the donor. Annual changes in the fair value of the trusts are recorded as increases or decreases to permanently restricted net assets.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

2. Significant Accounting Policies (Continued)

Investment Policies

The System's investment policies provide guidance for the prudent and skillful management of invested assets with the objective of preserving capital and maximizing returns. The invested assets include endowment, specific purpose and board designated (unrestricted) funds.

Endowment funds are identified as permanent in nature, intended to provide support for current or future operations and other purposes identified by the donor. These funds are managed with disciplined longer-term investment objectives and strategies designed to accommodate relevant, reasonable, or probable events.

Temporarily restricted funds are temporary in nature, restricted as to time or purpose as identified by the donor or grantor. These funds have various intermediate/long-term time horizons associated with specific identified spending objectives.

Board designated funds have various intermediate/long-term time horizons associated with specific spending objectives as determined by the Board of Trustees.

Management of these assets is designed to maximize total return while preserving the capital values of the funds, protecting the funds from inflation and providing liquidity as needed. The objective is to provide a real rate of return that meets inflation, plus 4% to 5%, over a long-term time horizon.

The System targets a diversified asset allocation that places emphasis on achieving its long-term return objectives within prudent risk constraints.

Spending Policy for Appropriation of Assets for Expenditure

In accordance with the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA), the System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the fund; (b) the purpose of the organization and the donor-restricted endowment fund; (c) general economic conditions; (d) the possible effect of inflation and deflation; (e) the expected total return from income and the appreciation of investments; (f) other resources of the organization; and (g) the investment policies of the organization.

Spending policies may be adopted by the System, from time to time, to provide a stream of funding for the support of key programs. The spending policies are structured in a manner to ensure that the purchasing power of the assets is maintained while providing the desired level of annual funding to the programs. The System currently has a policy allowing interest and dividend income earned on investments to be used for operations with the goal of keeping principal, including its appreciation, intact.

Federal Grant Revenue and Expenditures

Revenues and expenses under federal grant programs are recognized as the related expenditure is incurred.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

2. Significant Accounting Policies (Continued)

Malpractice Loss Contingencies

The System has a claims-made basis policy for its malpractice insurance coverage. A claims-made basis policy provides specific coverage for claims reported during the policy term. The System has established a reserve to cover professional liability exposure, which may not be covered by insurance. The possibility exists, as a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the System. In the event a loss contingency should occur, the System would give it appropriate recognition in its consolidated financial statements in conformity with accounting standards. The System expects to be able to obtain renewal or other coverage in future years.

In accordance with Accounting Standards Update (ASU) No. 2010-24, "Health Care Entities" (Topic 954): *Presentation of Insurance Claims and Related Insurance Recoveries*, at September 30, 2018, the System recorded a liability of \$12,520,618 related to estimated professional liability losses covered under this policy. At September 30, 2018, the System also recorded a receivable of \$8,829,118 related to estimated recoveries under insurance coverage for recoveries of the potential losses. These amounts are included in accrued pension and other liabilities, and intangible assets and other, respectively, on the consolidated balance sheet.

Workers' Compensation

The System maintains workers' compensation insurance under a self-insured plan. The plan offers, among other provisions, certain specific and aggregate stop-loss coverage to protect the System against excessive losses. The System has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Accrued workers' compensation losses of \$3,061,261 at September 30, 2018 have been discounted at 1.25% and, in management's opinion, provide an adequate reserve for loss contingencies. At September 30, 2018, \$1,359,646 and \$1,701,615 is recorded within accounts payable and accrued expenses and accrued pension and other liabilities, respectively, in the accompanying consolidated balance sheet. The System has also recorded \$248,403 and \$408,513 within other current assets and intangible assets and other, respectively, in the accompanying consolidated balance sheet to limit the accrued losses to the retention amount at September 30, 2018.

Health Insurance

The System has a self-funded health insurance plan. The plan is administered by an insurance company which assists in determining the current funding requirements of participants under the terms of the plan and the liability for claims and assessments that would be payable at any given point in time. The System was insured above a stop-loss amount of \$325,000 for the period October 1, 2017 through December 31, 2017 and \$375,000 for the period January 1, 2018 through September 30, 2018 on individual claims. Estimated unpaid claims, and those claims incurred but not reported, at September 30, 2018 of \$2,849,427 are reflected in the accompanying consolidated balance sheet within accounts payable and accrued expenses.

Advertising Costs

The System expenses advertising costs as incurred, and such costs totaled approximately \$1,918,000 for the year ended September 30, 2018.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

2. Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the System expects to be entitled in exchange for those goods and services. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. ASU 2014-09 is effective for the System on October 1, 2019. ASU 2014-09 permits the use of either the retrospective or cumulative effect transition method. The System is evaluating the impact that ASU 2014-09 will have on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (ASU 2016-02). Under ASU 2016-02, at the commencement of a long-term lease, lessees will recognize a liability equivalent to the discounted payments due under the lease agreement, as well as an offsetting right-of-use asset. ASU 2016-02 is effective for the System on October 1, 2020, with early adoption permitted. Lessees (for capital and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees may not apply a full retrospective transition approach. The System is currently evaluating the impact of the pending adoption of ASU 2016-02 on the System's consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities (Topic 958)* (ASU 2016-14). Under ASU 2016-14, the existing three-category classification of net assets (i.e., unrestricted, temporarily restricted and permanently restricted) will be replaced with a simplified model that combines temporarily restricted and permanently restricted into a single category called "net assets with donor restrictions". ASU 2016-14 also enhances certain disclosures regarding board designations, donor restrictions and qualitative information regarding management of liquid resources. In addition to reporting expenses by functional classifications, ASU 2016-14 will also require the financial statements to provide information about expenses by their nature, along with enhanced disclosures about the methods used to allocate costs among program and support functions. ASU 2016-14 is effective for the System's fiscal year ending September 30, 2019, with early adoption permitted. The System is currently evaluating the impact of the pending adoption of ASU 2016-14 on the System's consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)* (ASU 2016-18), which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 will be effective for the System's fiscal year ended September 30, 2020, and early adoption is permitted. ASU 2016-18 must be applied using a retrospective transition method. The System is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

2. Significant Accounting Policies (Continued)

In March 2017, the FASB issued ASU No. 2017-07, *Compensation — Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* (ASU 2017-07). ASU 2017-07 will require that an employer report the service cost component of net periodic pension cost in the same line item as other compensation costs arising from services rendered by employees during the year. The other components of net periodic pension cost are required to be presented in the income statement separately and outside a subtotal of income from operations, if one is presented. ASU 2017-07 is effective for the System on October 1, 2019, with early adoption permitted. The System adopted ASU 2017-07 during the year ended September 30, 2018.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). Due to diversity in practice, ASU 2018-08 clarifies the definition of an exchange transaction as well as the criteria for evaluating whether contributions are unconditional or conditional. ASU 2018-08 is effective for the System on October 1, 2019, with early adoption permitted. The System is currently evaluating the impact that ASU 2018-08 will have on its consolidated financial statements.

Subsequent Events

Management of the System evaluated events occurring between the end of the System's fiscal year and February 12, 2019, the date the consolidated financial statements were available to be issued.

3. Net Patient Service Revenue

The following summarizes net patient service revenue for the year ended September 30, 2018:

Gross patient service revenue	\$1,341,051,947
Less contractual allowances	(888,541,572)
Less provision for doubtful accounts	<u>(20,334,249)</u>
Net patient service revenue	<u>\$ 432,176,126</u>

The System maintains contracts with the Social Security Administration ("Medicare") and the State of New Hampshire Department of Health and Human Services ("Medicaid"). The System is paid a prospectively determined fixed price for each Medicare and Medicaid inpatient acute care service depending on the type of illness or the patient's diagnosis related group classification. Capital costs and certain Medicare and Medicaid outpatient services are also reimbursed on a prospectively determined fixed price. The System receives payment for other Medicaid outpatient services on a reasonable cost basis which are settled with retroactive adjustments upon completion and audit of related cost finding reports.

Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in net patient service revenues in the year that such amounts become known. The percentage of net patient service revenues earned from the Medicare and Medicaid programs was 39% and 5%, respectively, for the year ended September 30, 2018.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

3. Net Patient Service Revenue (Continued)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The System believes that it is in compliance with all applicable laws and regulations; compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs (Note 14).

The System also maintains contracts with certain commercial carriers, health maintenance organizations, preferred provider organizations and state and federal agencies. The basis for payment under these agreements includes prospectively determined rates per discharge and per day, discounts from established charges and fee screens. The System does not currently hold reimbursement contracts which contain financial risk components.

The approximate percentages of patient service revenues, net of contractual allowances and discounts and provision for doubtful accounts for the year ended September 30, 2018 from third-party payors and uninsured patients are as follows:

	<u>Third-Party Payors</u>	<u>Uninsured Patients</u>	<u>Total All Payors</u>
Net patient service revenue, net of contractual allowance and discounts	99.6%	0.4%	100.0%

An estimated breakdown of patient service revenues, net of contractual allowances, discounts and provision for doubtful accounts recognized for the year ended September 30, 2018 from major payor sources, is as follows:

	<u>Gross Patient Service Revenues</u>	<u>Contractual Allowances and Discounts</u>	<u>Provision for Doubtful Accounts</u>	<u>Net Patient Service Revenues Less Provision for Doubtful Accounts</u>
Private payors (includes coinsurance and deductibles)	\$ 477,457,407	\$(229,413,775)	\$ (9,298,563)	\$ 238,745,069
Medicaid	137,508,097	(113,364,379)	(651,292)	23,492,426
Medicare	695,141,198	(523,976,071)	(3,140,980)	168,024,147
Self-pay	<u>30,945,245</u>	<u>(21,787,347)</u>	<u>(7,243,414)</u>	<u>1,914,484</u>
	<u>\$1,341,051,947</u>	<u>\$(888,541,572)</u>	<u>\$(20,334,249)</u>	<u>\$ 432,176,126</u>

The System recognizes changes in accounting estimates for net patient service revenues and third-party payor settlements as new events occur or as additional information is obtained. For the year ended September 30, 2018, favorable adjustments recorded for changes to prior year estimates were approximately \$1,000,000.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

3. Net Patient Service Revenue (Continued)

Medicaid Enhancement Tax and Disproportionate Share Payment

Under the State of New Hampshire's (the State) tax code, the State imposes a Medicaid Enhancement Tax (MET) equal to 5.40% of the Medical Center's net patient service revenues in State fiscal year 2018 with certain exclusions. The amount of tax incurred by the Medical Center for the year ended September 30, 2018 was \$19,968,497.

In the fall of 2010, in order to remain in compliance with stated federal regulations, the State of New Hampshire adopted a new approach related to Medicaid disproportionate share funding (DSH) retroactive to July 1, 2010. Unlike the former funding method, the State's approach led to a payment that was not directly based on, and did not equate to, the level of tax imposed. As a result, the legislation created some level of losses at certain New Hampshire hospitals, while other hospitals realized gains. DSH payments from the State are recorded in operating revenues and amounted to \$17,993,289 for the year ended September 30, 2018, net of reserves referenced below.

The Centers for Medicare and Medicaid Services (CMS) has completed audits of the State's program and the disproportionate share payments made by the State from 2011 through 2014, the first years that those payments reflected the amount of uncompensated care provided by New Hampshire hospitals. It is possible that subsequent years will also be audited by CMS. The System has recorded reserves to address its exposure based on the audit results to date.

4. Property, Plant and Equipment

The major categories of property, plant and equipment are as follows at September 30, 2018:

	Useful Lives	
Land and land improvements	2-40 years	\$ 3,630,354
Buildings and improvements	2-40 years	128,776,786
Fixed equipment	3-25 years	46,562,689
Movable equipment	3-25 years	138,314,958
Construction in progress		<u>9,269,135</u>
		326,553,922
Less accumulated depreciation and amortization		<u>(191,956,028)</u>
Net property, plant and equipment		<u>\$ 134,597,894</u>

Depreciation expense amounted to \$16,092,263 for the year ended September 30, 2018.

The cost of equipment under capital leases was \$7,844,527 at September 30, 2018. Accumulated amortization of the leased equipment at September 30, 2018 was \$7,059,231. Amortization of assets under capital leases is included in depreciation and amortization expense.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

5. Long-Term Debt and Note Payable

Long-term debt consists of the following at September 30, 2018:

New Hampshire Health and Education Facilities

Authority (the Authority) Revenue Bonds:

Series 2012 Bonds with interest ranging from 4.00% to 5.00% per year and principal payable in annual installments ranging from \$1,125,000 to \$2,755,000 through July 2032	\$ 22,450,000
Series 2015A Bonds with interest at a fixed rate of 2.27% per year and principal payable in annual installments ranging from \$185,000 to \$1,655,000 through July 2040	22,255,000
Series 2015B with variable interest subject to interest rate swap described below and principal payable in annual installments ranging from \$195,000 to \$665,000 through July 2036	8,260,000
Series 2017 Bonds with interest ranging from 3.38% to 5.00% per year and principal payable in annual installments ranging from \$2,900,000 to \$7,545,000 beginning in July 2033 through July 2044	61,115,000
	<u>114,080,000</u>
Note payable – see below	8,032,500
Capitalized lease obligations	1,020,278
Unamortized original issue premiums/discounts	5,450,325
Unamortized debt issuance costs	<u>(1,304,187)</u>
	127,278,916
Less current portion	<u>(4,365,199)</u>
	<u>\$122,913,717</u>

In December 2012, the Medical Center, in connection with the Authority, issued \$35,275,000 of tax-exempt fixed rate revenue bonds (Series 2012). Under the terms of the loan agreements, the Medical Center has granted the Authority a first collateralized interest in all gross receipts and a mortgage lien on existing and future property, plant and equipment. The Medical Center is required to maintain a minimum debt service coverage ratio of 1.20. The Medical Center was in compliance with this covenant as of September 30, 2018. The proceeds of the Series 2012 bond issue were used to advance refund the remaining 2002A Bonds, advance refund certain 2002B Bonds, pay off a short term CAN note and fund certain capital purchases.

On September 3, 2015, the Authority issued \$32,720,000 of Revenue Bonds, Catholic Medical Center Issue, Series 2015, consisting of the \$24,070,000 aggregate principal amount Series 2015A Bonds and the \$8,650,000 aggregate principal amount Series 2015B Bonds sold via direct placement to a financial institution. Although the Series 2015B Bonds were issued, they were not drawn on until July 1, 2016, as discussed below. Under the terms of the loan agreements, the Medical Center has granted the Authority a first collateralized interest in all gross receipts and a mortgage lien on existing and future property, plant and equipment. The Medical Center is required to maintain a minimum debt service coverage ratio of 1.20. The Medical Center was in compliance with this covenant as of September 30, 2018.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

5. Long-Term Debt and Note Payable (Continued)

The Series 2015A Bonds were issued to provide funds for the purpose of (i) advance refunding a portion of the outstanding 2006 Bonds in an amount of \$20,655,000 to the first call date of July 1, 2016, (ii) funding certain construction projects and equipment purchases in an amount of approximately \$3,824,000, and (iii) paying the costs of issuance related to the Series 2015 Bonds.

The Series 2015B Bonds were structured as drawdown bonds. On July 1, 2016, the full amount available under the Series 2015B Bonds totaling \$8,650,000 was drawn upon and the proceeds in combination with cash contributed by the Medical Center totaling \$555,000 were used to currently refund the remaining balance of the Series 2006 Bonds totaling \$9,205,000.

On September 1, 2017, the Authority issued \$61,115,000 of Revenue Bonds, Catholic Medical Center Issue, Series 2017. The Series 2017 Bonds were issued to fund various construction projects and equipment purchases, as well as pay certain costs of issuance related to the Series 2017 Bonds. Under the terms of the loan agreements, the Medical Center has granted the Authority a first collateralized interest in all gross receipts and a mortgage lien on existing and future property, plant and equipment. The Medical Center is required to maintain a minimum debt service coverage ratio of 1.20. The Medical Center was in compliance with this covenant as of September 30, 2018.

The Medical Center has an agreement with the Authority, which provides for the establishment of various funds, the use of which is generally restricted to the payment of debt, as well as a construction fund related to the Series 2017 Bonds. These funds are administered by a trustee, and income earned on certain of these funds is similarly restricted.

Interest paid by the System totaled \$4,351,405 (including capitalized interest of \$251,490) for the year ended September 30, 2018.

The aggregate principal payments due on the revenue bonds, capital lease obligations and other debt obligations for each of the five years ending September 30 and thereafter are as follows:

2019	\$ 4,365,199
2020	4,158,079
2021	2,624,000
2022	2,704,000
2023	2,924,000
Thereafter	<u>106,357,500</u>
	<u>\$123,132,778</u>

The fair value of the System's long-term debt is estimated using discounted cash flow analysis, based on the System's current incremental borrowing rate for similar types of borrowing arrangements. The fair value of the System's long-term debt, excluding capitalized lease obligations, was \$122,000,000 at September 30, 2018.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

5. Long-Term Debt and Note Payable (Continued)

MOB LLC Notes Payable

During 2007, MOB LLC (a subsidiary of Enterprises) established a nonrevolving line of credit for \$9,350,000 with a bank in order to fund construction of a medical office building. The line of credit bore interest at the LIBOR lending rate plus 1%. Payments of interest only were due on a monthly basis until the completed construction of the medical office. During 2008, the building construction was completed and the line of credit was converted to a note payable with payments of interest (at the one-month LIBOR rate plus 1.4%) and principal due on a monthly basis, with all payments to be made no later than April 1, 2018.

On March 27, 2018, the MOB LLC note payable discussed above was refinanced to a term loan totaling \$8,130,000. Interest is fixed at 3.71% and is payable monthly. Principal payments of \$19,500 are due in monthly installments beginning May 1, 2018, and continuing until March 27, 2028, at which time the remaining unpaid principal and interest shall be due in full. Under the terms of the loan agreement, the Medical Center and MOB LLC (the Obligated Group) has granted the bank a first collateralized interest in all gross receipts and a mortgage lien on existing and future property, plant and equipment. The Medical Center and the System also guarantee the note payable. The Obligated Group is required to maintain a minimum debt service coverage ratio of 1.20. The Obligated Group was in compliance with this covenant as of September 30, 2018.

Derivatives

The System uses derivative financial instruments principally to manage interest rate risk. During 2007, MOB LLC entered into an interest rate swap agreement with an initial notional amount of \$9,350,000 in connection with its line of credit. Under this agreement, MOB LLC pays a fixed rate equal to 5.21%, and receives a variable rate of the one-month LIBOR rate. The interest rate swap agreement terminated April 1, 2018. The change in fair value of this interest swap agreement totaled \$184,767 during 2018, which amount has been included within nonoperating investment income within the consolidated statement of operations.

In January 2016, the Medical Center entered into an interest rate swap agreement with an initial notional amount of \$8,650,000 in connection with its Series 2015B Bond issuance. The swap agreement hedges the Medical Center's interest exposure by effectively converting interest payments from variable rates to a fixed rate. The swap agreement is designated as a cash flow hedge of the underlying variable rate interest payments, and changes in the fair value of the swap agreement are reported as a change in unrestricted net assets. Under this agreement, the Medical Center pays a fixed rate equal to 1.482%, and receives a variable rate of 69.75% of the one-month LIBOR rate (2.11% at September 30, 2018). Payments under the swap agreement began August 1, 2016 and the agreement will terminate August 1, 2025.

The fair value of the Medical Center's interest rate swap agreement amounted to an asset of \$262,725 as of September 30, 2018, which amount has been included within intangible assets and other in the accompanying consolidated balance sheet. The increase in the fair value of this derivative of \$302,826 has been included within the consolidated statement of changes in net assets as a change in unrestricted net assets for the year ended September 30, 2018.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

6. Operating Leases

The System has various noncancelable agreements to lease various pieces of medical equipment. The System also has noncancelable leases for office space and its physician practices. Rental expense under all leases for the year ended September 30, 2018 was \$4,857,031.

Estimated future minimum lease payments under noncancelable operating leases are as follows:

2019	\$ 3,114,865
2020	3,078,624
2021	3,047,441
2022	3,074,008
2023	3,050,839
Thereafter	<u>8,597,980</u>
	<u>\$23,963,757</u>

7. Investments and Assets Whose Use is Limited

Investments and assets whose use is limited are comprised of the following at September 30, 2018:

	<u>Fair Value</u>	<u>Cost</u>
Cash and cash equivalents	\$ 16,525,946	\$ 16,525,946
U.S. federated treasury obligations	36,950,913	36,957,749
Marketable equity securities	44,031,227	39,959,906
Fixed income securities	57,757,424	58,911,509
Private investment funds	<u>55,530,346</u>	<u>25,886,418</u>
	<u>\$210,795,856</u>	<u>\$178,241,528</u>

Investment income and realized gains/losses and unrealized appreciation are summarized as follows for the year ended September 30, 2018:

Unrestricted:

Nonoperating investment income	\$3,168,746
Realized gains on sales of investments, net	2,918,048
Change in unrealized appreciation on investments	<u>2,325,151</u>
	<u>\$8,411,945</u>

Restricted:

Investment income	\$ 27,373
Change in unrealized appreciation on investments	61,431
Changes in interest in perpetual trust	<u>341,439</u>
	<u>\$ 430,243</u>

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

7. **Investments and Assets Whose Use is Limited (Continued)**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. In determining fair value, the use of various valuation approaches, including market, income and cost approaches, is permitted.

A fair value hierarchy has been established based on whether the inputs to valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entity's own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the System for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1 — Observable inputs such as quoted prices in active markets;

Level 2 — Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 — Unobservable inputs in which there is little or no market data.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques. The three valuation techniques are as follows:

- *Market approach* – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- *Cost approach* – Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and
- *Income approach* – Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques).

In determining the appropriate levels, the System performs a detailed analysis of the assets and liabilities. There have been no changes in the methodologies used at September 30, 2018.

The following is a description of the valuation methodologies used:

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

7. **Investments and Assets Whose Use is Limited (Continued)**

U.S. Federated Treasury Obligations and Fixed Income Securities

The fair value is determined by using broker or dealer quotations, external pricing providers, or alternative pricing sources with reasonable levels of price transparency. The System holds fixed income mutual funds and exchange traded funds, governmental and federal agency debt instruments, municipal bonds, corporate bonds, and foreign bonds which are primarily classified as Level 1 within the fair value hierarchy.

Marketable Equity Securities

Marketable equity securities are valued based on stated market prices and at the net asset value of shares held by the System at year end, which generally results in classification as Level 1 within the fair value hierarchy.

Private Investment Funds

The System invests in private investment funds that consist primarily of limited partnership interests in investment funds, which, in turn, invest in diversified portfolios predominantly comprised of equity and fixed income securities, as well as options, futures contracts, and some other less liquid investments. Management has approved procedures pursuant to the methods in which the System values these investments, which ordinarily will be the amount equal to the pro-rata interest in the net assets of the limited partnership, as such value is supplied by, or on behalf of, each investment manager from time to time, usually monthly and/or quarterly.

System management is responsible for the fair value measurements of investments reported in the consolidated financial statements. Such amounts are generally determined using audited financial statements of the funds and/or recently settled transactions. Because of inherent uncertainty of valuation of certain private investment funds, the estimate of the fund manager or general partner may differ from actual values, and differences could be significant. Management believes that reported fair values of its private investment funds at the consolidated balance sheet dates are reasonable.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

7. Investments and Assets Whose Use is Limited (Continued)

Fair Value on a Recurring Basis

The following table presents information about the System's assets and liabilities measured at fair value on a recurring basis based upon the lowest level of significant input to the valuations at September 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 16,525,946	\$ -	\$ -	\$ 16,525,946
U.S. federated treasury obligations	36,950,913	-	-	36,950,913
Marketable equity securities	44,031,227	-	-	44,031,227
Fixed income securities	57,757,424	-	-	57,757,424
Interest rate swap agreement	<u>-</u>	<u>-</u>	<u>262,725</u>	<u>262,725</u>
	<u>\$155,265,510</u>	<u>\$ -</u>	<u>\$ 262,725</u>	<u>155,528,235</u>

Investments measured at net asset value:

Private investment funds 55,530,346

Total assets at fair value \$211,058,581

The following table presents the assets (liabilities) carried at fair value as of September 30, 2018 that are classified within Level 3 of the fair value hierarchy. The table reflects gains and losses for the year ended September 30, 2018. Additionally, both observable and unobservable inputs may be used to determine the fair value of positions that the System has classified within the Level 3 category. As a result, the unrealized gains and losses for assets within Level 3 may include changes in fair value that were attributable to both observable and unobservable inputs.

**Fair Value Measurement Using
Significant Unobservable Inputs (Level 3)
Interest Rate Swap Agreements**

Balance at September 30, 2017	\$ (224,868)
Unrealized gains	<u>487,593</u>
Balance at September 30, 2018	<u>\$ 262,725</u>

There were no significant transfers between Levels 1, 2 or 3 for the year ended September 30, 2018.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

7. Investments and Assets Whose Use is Limited (Continued)

Net Asset Value Per Share

The following table discloses the fair value and redemption frequency of those assets whose fair value is estimated using the net asset value per share practical expedient at September 30, 2018:

<u>Category</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Notice Period</u>
Private investment funds	\$52,108,790	\$ -	Daily/monthly	2-30 day notice
Private investment funds	3,421,556	-	Quarterly	10-30 day notice*

* One fund allows redemptions quarterly, with certain restrictions.

Investment Strategies

U.S. Federated Treasury Obligations and Fixed Income Securities

The primary purpose of these investments is to provide a highly predictable and dependable source of income, preserve capital, reduce the volatility of the total portfolio, and hedge against the risk of deflation or protracted economic contraction.

Marketable Equity Securities

The primary purpose of equity investments is to provide appreciation of principal and growth of income with the recognition that this requires the assumption of greater market volatility and risk of loss. The total equity portion of the portfolio will be broadly diversified according to economic sector, industry, number of holdings and other characteristics, including style and capitalization. The System may employ multiple equity investment managers, each of whom may have distinct investment styles. Accordingly, while each manager's portfolio may not be fully diversified, it is expected that the combined equity portfolio will be broadly diversified.

Private Investment Funds

The primary purpose of private investment funds is to provide further portfolio diversification and to reduce overall portfolio volatility by investing in strategies that are less correlated with traditional equity and fixed income investments. Private investment funds may provide access to strategies otherwise not accessible through traditional equities and fixed income such as derivative instruments, real estate, distressed debt and private equity and debt.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

7. Investments and Assets Whose Use is Limited (Continued)

Fair Value of Other Financial Instruments

Other financial instruments consist of accounts receivable, accounts payable and accrued expenses, amounts payable to third-party payors and long-term debt. The fair value of all financial instruments other than long-term debt approximates their relative book values as these financial instruments have short-term maturities or are recorded at amounts that approximate fair value. See Note 5 for disclosure of the fair value of long-term debt.

8. Retirement Benefits

A reconciliation of the changes in the Catholic Medical Center Pension Plan, the Medical Center's Supplemental Executive Retirement Plan and the New Hampshire Medical Laboratories Retirement Income Plan projected benefit obligations and the fair value of assets for the year ended September 30, 2018, and a statement of funded status of the plans as of September 30, 2018 is as follows:

	<u>Catholic Medical Center Pension Plan</u>	<u>Pre-1987 Supplemental Executive Retirement Plan</u>	<u>New Hampshire Medical Laboratories Retirement Income Plan</u>
Changes in benefit obligations:			
Projected benefit obligations at beginning of year	\$ (284,200,778)	\$ (4,567,286)	\$ (3,062,398)
Service cost	(1,500,000)	-	(25,000)
Interest cost	(10,628,197)	(140,414)	(104,714)
Benefits paid	7,117,759	411,692	171,828
Actuarial gain	17,666,264	155,253	173,565
Expenses paid	<u>1,430,445</u>	<u>-</u>	<u>16,756</u>
Projected benefit obligations at end of year	(270,114,507)	(4,140,755)	(2,829,963)
Changes in plan assets:			
Fair value of plan assets at beginning of year	181,485,201	-	2,144,861
Actual return on plan assets	12,074,468	-	141,614
Employer contributions	403,125	411,692	42,936
Benefits paid	(7,117,759)	(411,692)	(171,828)
Expenses paid	<u>(1,430,445)</u>	<u>-</u>	<u>(16,756)</u>
Fair value of plan assets at end of year	<u>185,414,590</u>	<u>-</u>	<u>2,140,827</u>
Funded status of plan at September 30, 2018	\$ <u>(84,699,917)</u>	\$ <u>(4,140,755)</u>	\$ <u>(689,136)</u>

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

8. Retirement Benefits (Continued)

	<u>Catholic Medical Center Pension Plan</u>	<u>Pre-1987 Supplemental Executive Retirement Plan</u>	<u>New Hampshire Medical Laboratories Retirement Income Plan</u>
Amounts recognized in the consolidated balance sheet consist of:			
Current liability	\$ -	\$ (398,750)	\$ -
Noncurrent liability	<u>(84,699,917)</u>	<u>(3,742,005)</u>	<u>(689,136)</u>
Net amount recognized	\$ <u>(84,699,917)</u>	\$ <u>(4,140,755)</u>	\$ <u>(689,136)</u>

The net loss for the defined benefit pension plans that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is \$2,900,988.

The current portion of accrued pension costs included in the above amounts for the System amounted to \$398,750 at September 30, 2018 and has been included in accounts payable and accrued expenses.

The amounts recognized in unrestricted net assets consist of the following at September 30, 2018:

	<u>Catholic Medical Center Pension Plan</u>	<u>Pre-1987 Supplemental Executive Retirement Plan</u>	<u>New Hampshire Medical Laboratories Retirement Income Plan</u>
Amounts recognized in the consolidated balance sheet – total plan:			
Unrestricted net assets:			
Net loss	<u>\$(105,860,712)</u>	<u>\$(2,102,034)</u>	<u>\$(1,492,143)</u>
Net amount recognized	<u>\$(105,860,712)</u>	<u>\$(2,102,034)</u>	<u>\$(1,492,143)</u>

Net periodic pension cost includes the following components at September 30, 2018:

	<u>Catholic Medical Center Pension Plan</u>	<u>Pre-1987 Supplemental Executive Retirement Plan</u>	<u>New Hampshire Medical Laboratories Retirement Income Plan</u>
Service cost	\$ 1,500,000	\$ -	\$ 25,000
Interest cost	10,628,197	140,414	104,714
Expected return on plan assets	(13,110,637)	-	(153,960)
Amortization of actuarial loss	<u>3,275,000</u>	<u>147,466</u>	<u>67,898</u>
Net periodic pension cost	\$ <u>2,292,560</u>	\$ <u>287,880</u>	\$ <u>43,652</u>

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

8. Retirement Benefits (Continued)

Other changes in plan assets and benefit obligations recognized in unrestricted net assets consist of the following at September 30, 2018:

	<u>Catholic Medical Center Pension Plan</u>	<u>Pre-1987 Supplemental Executive Retirement Plan</u>	<u>New Hampshire Medical Laboratories Retirement Income Plan</u>
Net gain	\$ (16,630,095)	\$ (155,253)	\$ (161,219)
Amortization of actuarial loss	<u>(3,275,000)</u>	<u>(147,466)</u>	<u>(67,898)</u>
Net amount recognized	<u>\$ (19,905,095)</u>	<u>\$ (302,719)</u>	<u>\$ (229,117)</u>

The investments of the plans are comprised of the following at September 30, 2018:

	<u>Target Allocation</u>	<u>Catholic Medical Center Pension Plan</u>	<u>Pre-1987 Supplemental Executive Retirement Plan</u>	<u>New Hampshire Medical Laboratories Retirement Income Plan</u>
Marketable equity securities	70.0%	66.2%	0.0%	66.2%
Fixed income securities	20.0	23.7	0.0	23.7
Other	<u>10.0</u>	<u>10.1</u>	<u>0.0</u>	<u>10.1</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>0.0%</u>	<u>100.0%</u>

The assumption for the long-term rate of return on plan assets has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

The weighted-average assumptions used to determine the defined benefit pension plan obligations at September 30, 2018 are as follows:

	<u>Catholic Medical Center Pension Plan</u>	<u>Pre-1987 Supplemental Executive Retirement Plan</u>	<u>New Hampshire Medical Laboratories Retirement Income Plan</u>
Discount rate	4.23%	3.93%	4.10%
Rate of compensation increase	N/A	N/A	N/A

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

8. Retirement Benefits (Continued)

The weighted-average assumptions used to determine the defined benefit pension plan net periodic benefit costs are as follows at September 30, 2018:

	<u>Catholic Medical Center Pension Plan</u>	<u>Pre-1987 Supplemental Executive Retirement Plan</u>	<u>New Hampshire Medical Laboratories Retirement Income Plan</u>
Discount rate	3.79%	3.22%	3.52%
Rate of compensation increase	N/A	N/A	N/A
Expected long-term return on plan assets	7.30%	N/A	7.30%

The System expects to make employer contributions totaling \$5,000,000 to the Catholic Medical Center Pension Plan for the fiscal year ending September 30, 2019. Expected contributions to the Pre-1987 Supplemental Executive Retirement Plan and New Hampshire Medical Laboratories Retirement Income Plan for the fiscal year ending September 30, 2019 are not expected to be significant.

The benefits, which reflect expected future service, as appropriate, expected to be paid for the years ending September 30 are as follows:

	<u>Catholic Medical Center Pension Plan</u>	<u>Pre-1987 Supplemental Executive Retirement Plan</u>	<u>New Hampshire Medical Laboratories Retirement Income Plan</u>
2019	\$ 8,409,949	\$ 406,510	\$181,739
2020	9,225,819	394,940	191,472
2021	9,970,846	382,785	197,799
2022	10,796,864	370,020	197,567
2023	11,627,944	356,615	197,824
2024 - 2028	69,395,428	1,557,963	951,232

The System contributed \$403,125, \$411,692 and \$42,936 to the Catholic Medical Center Pension Plan, Pre-1987 Supplemental Executive Retirement Plan and the New Hampshire Medical Laboratories Retirement Income Plan, respectively, for the year ended September 30, 2018. The System plans to make any necessary contributions during the upcoming fiscal 2019 year to ensure the plans continue to be adequately funded given the current market conditions.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

8. Retirement Benefits (Continued)

The following fair value hierarchy table presents information about the financial assets of the above plans measured at fair value on a recurring basis based upon the lowest level of significant input valuation as of September 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 2,160,634	\$ -	\$ -	\$ 2,160,634
Marketable equity securities	39,221,636	-	-	39,221,636
Fixed income securities	<u>44,497,162</u>	<u>-</u>	<u>-</u>	<u>44,497,162</u>
	<u>\$85,879,432</u>	<u>\$ -</u>	<u>\$ -</u>	85,879,432
Investments measured at net asset value:				
Private investment funds				<u>101,675,985</u>
Total assets at fair value				<u>\$187,555,417</u>

9. Community Benefits

The System rendered charity care in accordance with its formal charity care policy, which, at established charges, amounted to \$21,671,846 for the year ended September 30, 2018. Also, the System provides community service programs, without charge, such as the Medication Assistance Program, Community Education and Wellness, Patient Transport, and the Parish Nurse Program. The costs of providing these programs amounted to \$983,861 for the year ended September 30, 2018.

10. Functional Expenses

The System provides general health care services to residents within its geographic location including inpatient, outpatient and emergency care. Expenses related to providing these services are as follows at September 30, 2018:

Health care services	\$367,226,914
General and administrative	<u>100,350,824</u>
	<u>\$467,577,738</u>

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

11. Concentration of Credit Risk

The System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors is as follows at September 30, 2018:

Medicare	44%
Medicaid	12
Commercial insurance and other	23
Patients (self pay)	8
Anthem Blue Cross	<u>13</u>
	<u>100%</u>

12. Endowments

In July 2008, the State of New Hampshire enacted a version of UPMIFA (the Act). The new law, which had an effective date of July 1, 2008, eliminates the historical dollar threshold and establishes prudent spending guidelines that consider both the duration and preservation of the fund. As a result of this enactment, subject to the donor's intent as expressed in a gift agreement or similar document, a New Hampshire charitable organization may now spend the principal and income of an endowment fund, even from an underwater fund, after considering the factors listed in the Act.

At September 30, 2018, the endowment net asset composition by type of fund consisted of the following:

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>Total</u>
Donor-restricted funds	\$ -	\$ 1,190,721	\$ 9,236,097	\$ 10,426,818
Board-designated funds	<u>107,832,023</u>	<u>-</u>	<u>-</u>	<u>107,832,023</u>
Total funds	<u>\$107,832,023</u>	<u>\$1,190,721</u>	<u>\$9,236,097</u>	<u>\$118,258,841</u>

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

12. Endowments (Continued)

Changes in endowment net assets consisted of the following for the year ended September 30, 2018:

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>Total</u>
Balance at September 30, 2017	\$102,045,292	\$ 924,871	\$8,801,136	\$111,771,299
Investment return:				
Investment income	1,645,491	5,421	21,952	1,672,864
Net appreciation (realized and unrealized)	<u>4,012,640</u>	<u>—</u>	<u>402,870</u>	<u>4,415,510</u>
Total investment gain	5,658,131	5,421	424,822	6,088,374
Contributions	—	616,466	30,458	646,924
Appropriation for operations	—	(227,437)	(20,319)	(247,756)
Appropriation for capital	<u>128,600</u>	<u>(128,600)</u>	<u>—</u>	<u>—</u>
Balance at September 30, 2018	<u>\$107,832,023</u>	<u>\$1,190,721</u>	<u>\$9,236,097</u>	<u>\$118,258,841</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the System to retain as a fund of perpetual duration. There were no such deficiencies as of September 30, 2018.

13. Investments in Joint Ventures

AAS has a 44% ownership interest in the Bedford Ambulatory Surgical Center. AAS accounts for its investment in this joint venture under the equity method.

AAS has a 50% ownership interest in the Alliance Urgent Care Services, LLC. AAS accounts for its investment in this joint venture under the equity method.

The Medical Center, along with four other participating hospitals and Tufts Health Plan, formed Tufts Health Freedom Plan (THFP), a joint venture. THFP is a health insurance company which began operations as of January 1, 2016. The Medical Center has an approximate 12% ownership interest in this joint venture.

Selected financial information relating to the above entities for the year ended September 30, 2018 is not shown as such amounts are not significant to the consolidated financial statements.

CMC HEALTHCARE SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended September 30, 2018

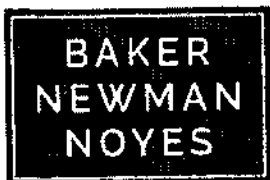
14. Commitments and Contingencies

Litigation

Various legal claims, generally incidental to the conduct of normal business, are pending or have been threatened against the System. The System intends to defend vigorously against these claims. While ultimate liability, if any, arising from any such claim is presently indeterminable, it is management's opinion that the ultimate resolution of these claims will not have a material adverse effect on the financial condition of the System.

Regulatory

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Government activity continues with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Compliance with such laws and regulations are subject to government review and interpretations as well as regulatory actions unknown or unasserted at this time.



Baker Newman & Noyes LLC
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INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
CMC Healthcare System, Inc.

We have audited the consolidated financial statements of CMC Healthcare System, Inc. (the System) as of and for the year ended September 30, 2018, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Newman & Noyes LLC

Manchester, New Hampshire
February 12, 2019

CMC HEALTHCARE SYSTEM, INC.

CONSOLIDATING BALANCE SHEET

September 30, 2018

ASSETS

	Catholic Medical Center	Physician Practice Associates	Alliance Enterprises	Alliance Resources	Alliance Ambu- latory Services	Alliance Health Services	Doctors Medical Association	Saint Peter's Home	Elimi- nations	Consolidated
Current assets:										
Cash and cash equivalents	\$ 57,668,500	\$ 22,273	\$ 2,745,448	\$ 332,128	\$ 376,706	\$ 166,645	\$ 76,949	\$ 460,671	\$ -	\$ 61,849,320
Short-term investments	29,009,260	-	-	-	-	-	-	-	-	29,009,260
Accounts receivable, net	54,074,988	-	-	-	-	1,251,998	-	-	-	55,326,986
Inventories	3,583,228	-	-	-	-	-	-	-	-	3,583,228
Other current assets	<u>9,150,610</u>	<u>3,750</u>	<u>2,537</u>	<u>57,365</u>	<u>286,666</u>	<u>1,139,687</u>	<u>1,608</u>	<u>22,734</u>	<u>-</u>	<u>10,664,957</u>
Total current assets	153,486,586	26,023	2,747,985	389,493	663,372	2,558,330	78,557	483,405	-	160,433,751
Property, plant and equipment, net	109,898,233	-	8,858,160	14,585,192	-	111,130	-	1,145,179	-	134,597,894
Other assets:										
Intangible assets and other	10,875,302	-	-	-	6,706,247	-	-	-	-	17,581,549
Assets whose use is limited:										
Pension and insurance obligations	17,859,458	-	-	-	-	-	-	-	-	17,859,458
Board designated and donor restricted investments and restricted grants	119,411,378	1,488	-	-	-	-	-	7,854,219	-	127,267,085
Held by trustee under revenue bond agreements	<u>36,660,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,660,053</u>
	<u>173,930,889</u>	<u>1,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,854,219</u>	<u>-</u>	<u>181,786,596</u>
Total assets	<u>\$448,191,010</u>	<u>\$ 27,511</u>	<u>\$11,606,145</u>	<u>\$14,974,685</u>	<u>\$7,369,619</u>	<u>\$2,669,460</u>	<u>\$ 78,557</u>	<u>\$9,482,803</u>	<u>\$ -</u>	<u>\$494,399,790</u>

LIABILITIES AND NET ASSETS

	Catholic Medical Center	Physician Practice Associates	Alliance Enterprises	Alliance Resources	Alliance Ambu- latory Services	Alliance Health Services	Doctors Medical Association	Saint Peter's Home	Elimi- nations	Consolidated
Current liabilities:										
Accounts payable and accrued expenses	\$ 28,743,870	\$ 68,143	\$ 90,029	\$ 17,169	\$ -	\$ 1,660,520	\$ 5,590	\$ 203,832	\$ -	\$ 30,789,153
Accrued salaries, wages and related accounts	18,755,583	3,791,797	-	-	-	-	-	126,109	-	22,673,489
Amounts payable to third-party payors	14,643,104	-	-	-	-	-	-	-	-	14,643,104
Due to (from) affiliates	1,477,267	(1,392,988)	16,867	(80,123)	-	2,986	(23,609)	(400)	-	-
Current portion of long-term debt	<u>4,131,199</u>	<u>-</u>	<u>234,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,365,199</u>
Total current liabilities	67,751,023	2,466,952	340,896	(62,954)	-	1,663,506	(18,019)	329,541	-	72,470,945
Accrued pension and other liabilities, less current portion	115,111,279	6,183,094	706,541	71,465	-	390,851	-	-	-	122,463,230
Long-term debt, less current portion	<u>115,229,329</u>	<u>-</u>	<u>7,684,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,913,717</u>
Total liabilities	298,091,631	8,650,046	8,731,825	8,511	-	2,054,357	(18,019)	329,541	-	317,847,892
Net assets (deficit):										
Unrestricted	139,672,561	(8,622,535)	2,874,320	14,966,174	7,369,619	615,103	96,576	9,153,262	-	166,125,080
Temporarily restricted	1,190,721	-	-	-	-	-	-	-	-	1,190,721
Permanently restricted	<u>9,236,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,236,097</u>
Total net assets (deficit)	150,099,379	(8,622,535)	2,874,320	14,966,174	7,369,619	615,103	96,576	9,153,262	-	176,551,898
Total liabilities and net assets	<u>\$448,191,010</u>	<u>\$ -</u>	<u>\$11,606,145</u>	<u>\$14,974,685</u>	<u>\$7,369,619</u>	<u>\$2,669,460</u>	<u>\$ -</u>	<u>\$9,482,803</u>	<u>\$ -</u>	<u>\$494,399,790</u>

CMC HEALTHCARE SYSTEM, INC.
CONSOLIDATING STATEMENT OF OPERATIONS
Year Ended September 30, 2018

	Catholic Medical Center	Physician Practice Associates	Alliance Enterprises	Alliance Resources	Alliance Ambu- latory Services	Alliance Health Services	Doctors Medical Association	Saint Peter's Home	Eliminations	Consolidated
Net patient service revenues, net of contractual allowances and discounts	\$436,357,697	\$ -	\$ -	\$ -	\$ -	\$16,152,678	\$ -	\$ -	\$ -	\$452,510,375
Provision for doubtful accounts	(19,593,714)	-	-	-	-	(740,535)	-	-	-	(20,334,249)
Net patient service revenues less provision for doubtful accounts	416,763,983	-	-	-	-	15,412,143	-	-	-	432,176,126
Other revenue	12,515,169	24,664,782	2,026,051	1,306,175	2,685,142	572,119	131,102	3,090,287	(27,536,141)	19,454,686
Disproportionate share funding	17,993,289	-	-	-	-	-	-	-	-	17,993,289
Total revenues	447,272,441	24,664,782	2,026,051	1,306,175	2,685,142	15,984,262	131,102	3,090,287	(27,536,141)	469,624,101
Expenses:										
Salaries, wages and fringe benefits	217,868,046	55,518,048	25,000	-	-	14,377,316	-	3,020,016	(23,995,148)	266,813,278
Supplies and other	153,527,155	2,191,509	752,790	1,016,430	-	5,867,844	142,023	333,456	(3,540,993)	160,290,214
New Hampshire Medicaid enhancement tax	19,968,497	-	-	-	-	-	-	-	-	19,968,497
Depreciation and amortization	14,972,724	-	333,910	594,149	-	41,518	-	194,683	-	16,136,984
Interest	3,933,617	-	435,148	-	-	-	-	-	-	4,368,765
Total expenses	410,270,039	57,709,557	1,546,848	1,610,579	-	20,286,678	142,023	3,548,155	(27,536,141)	467,577,738
Income (loss) from operations	37,002,402	(33,044,775)	479,203	(304,404)	2,685,142	(4,302,416)	(10,921)	(457,868)	-	2,046,363
Nonoperating gains (losses):										
Investment income	2,846,375	-	158,797	6	3,429	-	-	160,139	-	3,168,746
Net realized gains on sale of investments	2,853,325	-	-	-	-	-	-	64,723	-	2,918,048
Net periodic pension cost, other than service cost	(1,023,371)	(57,068)	(18,653)	-	-	-	-	-	-	(1,099,092)
Unrestricted contributions	629,198	-	-	-	-	-	-	-	-	629,198
Development costs	(635,408)	-	-	-	-	-	-	-	-	(635,408)
Other nonoperating (loss) gain	(511,679)	-	8,285	-	-	-	-	14,100	-	(489,294)
Total nonoperating gains, net	4,158,440	(57,068)	148,429	6	3,429	-	-	238,962	-	4,492,198
Excess (deficiency) of revenues over expenses	41,160,842	(33,101,843)	627,632	(304,398)	2,688,571	(4,302,416)	(10,921)	(218,906)	-	6,538,561
Unrealized appreciation on investments	2,184,604	-	-	-	-	-	-	140,547	-	2,325,151
Change in fair value of interest rate swap agreement	302,826	-	-	-	-	-	-	-	-	302,826
Assets released from restriction used for capital	128,600	-	-	-	-	-	-	-	-	128,600
Pension-related changes other than net periodic pension cost	18,843,760	1,364,053	229,118	-	-	-	-	-	-	20,436,931
Net transfers (to) from affiliates	(35,782,824)	31,967,000	223,054	1,112,760	(1,650,000)	4,130,000	-	10	-	-
Increase (decrease) in unrestricted net assets	\$ 26,837,808	\$ 229,210	\$ 1,079,804	\$ 808,362	\$ 1,038,571	\$ (172,416)	\$ (10,921)	\$ (78,349)	\$ -	\$ 29,732,069

**Catholic Medical Center
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EXPERIENCE

CATHOLIC MEDICAL CENTER, Manchester, NH
A 330-bed acute care facility, specializing in cardiac care.

2008 - Present

Director, Laboratory Services

Responsible for providing laboratory services through 120 exempt/non-exempt professional and support staff, in a 24/7 environment with hospital-based laboratory, 2 satellite collection and testing laboratory sites and 9 laboratory patient service centers. Responsible for \$13 million dollar budget.

2016 - Present

Manager, Laboratory Support Operations

Responsible for oversight of Laboratory Compliance, Billing, Lab Information Systems, Phlebotomy Service Centers, Outreach, and the Phlebotomy Service Centers. Manage 2 satellite collection and testing laboratory sites and 8 laboratory patient service centers.

2013 - 2016

Supervisor, Laboratory Microbiology Section

Responsible for Supervising a staff of 6 FTE's and oversight of 86,000 billable tests per year. Manage a budget of \$1 million. Update Policies and Procedures. Train staff for competencies and comply with all accrediting agencies.

2008 - 2013

DARTMOUTH HITCHCOCK MEDICAL CENTER, Lebanon, NH

2003 - 2008

CLS IV, Microbiology Department

Process, interpret, and analyze clinical specimens and data accurately and efficiently in a collaborative and cohesive team based environment while simultaneously serving as Clinical Instructor of Microbiology and performing the duties of team leader and safety officer.

FLETCHER ALLEN HEALTHCARE, Burlington, VT
A 300-bed acute care facility, specializing in emergency and regional medicine.

1999 - 2003

Phlebotomist

Responsible for procuring specimens of integrity for analysis. Packaged and Shipped IATA/DOT specimens. Processed sendouts and referral specimens for specialty testing.

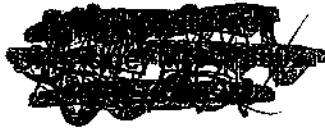
EDUCATION

Masters of Business Administration, Franklin Pierce University, Rindge, NH
Bachelor of Science, Medical Technology, University of Vermont, Burlington, VT

MEMBERSHIPS

American Society for Microbiology
Clinical Laboratory Management Association
American Society of Clinical Pathologists

JOAN MONACO, MT



EXPERIENCE

CATHOLIC MEDICAL CENTER, Manchester, NH 2017 - Present
A 330-bed acute care facility, specializing in cardiac care.

Manager, Laboratory Support Operations 2017 - Present
Responsible for oversight of Laboratory Compliance, Billing, Lab Information Systems, Phlebotomy Service Centers, Outreach, and the Phlebotomy Service Centers. Manage 2 satellite collection and testing laboratory sites and 8 laboratory patient service centers.

METROWEST MEDICAL CENTER, Framingham, MA 2016 - 2017

Supervisor, Laboratory Support Operations
Responsible for oversight of laboratory Specimen Processing Department, Phlebotomy, patient registration and courier service for a 155 bed general medical and surgical hospital in Framingham, MA,

BOSTON HEART DIAGNOSTICS, Framingham, MA 2014-2016

Manager, Laboratory Field Operations:
Responsible for maintaining third party laboratory and phlebotomist specimen collection agreements including contract negotiation, setup, invoicing and payment. Developed training programs, protocols and procedures, and ensured regulatory compliance for laboratory specimen collection stations located throughout the United States.

MILFORD REGIONAL MEDICAL CENTER, Milford, MA 2011-2014

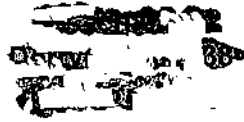
Manager, Laboratory Support Operations:
Responsible for daily management and oversight of Phlebotomy, patient registration, lab secretarial and courier services for a 145 bed comprehensive healthcare system that comprises the Medical Center; Tri-County Medical Associates, Inc., an affiliated physician practice group; and Milford Regional Healthcare Foundation.

UMASS MEMORIAL LABORATORY, INC., Worcester, MA 2006-2011

EDUCATION

ASSUMPTION COLLEGE, Worcester, MA 1980
Bachelor of Science, Biology

BECKY-LEE NORDQUIST



EXPERIENCE

CATHOLIC MEDICAL CENTER, Manchester, NH

2016 - Present

Supervisor, Lab Client Support

Responsible for oversight of Laboratory Outreach Billing, Customer Support,

CATHOLIC MEDICAL CENTER, Manchester, NH

2007 - 2016

Patient/Client Account Representative for Laboratory Services

Verifying Insurance for billing purposes. Such as diagnostic code, type of bill, status code, dates of service and provider number.

- Medical Coding and conversion of ICD-10
- Updating and resubmitting of claims in a timely matter.
- Performs a variety of Administrative duties.
- Monitors Laboratory/Pathology charge Reports.
- Maintain procedures and policies used in laboratory billing.
- Development of new and existing lab test through Softlab.
- Interface testing for new upgrades and test validation.
- Communicate with various hospital departments' to maintain patient/client claims.
- Document and update accounts for insurance files.
- Prepare and generate charge reports.
- Reconcile hospital Lab charges
- Determines proper disposition of credit balances on accounts and initiates refund or transfer of funds.
- Update ICD Laboratory Manual quarterly.
- Registration of SMS, Centricity, and Softlab
- Order Entry
- Post payments to client accounts
- Prepare Month End statements for various private clients for the laboratory.
- Perform quarterly quality assurance and quality improvements of late charges applied and client charges.
- Responds to any laboratory billing questions, researching each as appropriate. Work collaboratively with the hospital patient accounts department as appropriate on billing inquiries.
- Reviews KPI reports for clients and outreach billing company RCM.
- Ensures that follow-up for payment is conducted on all accounts in accordance with department or hospital A/R policies and procedures
- Ensure responses to customer service inquiries are prompt and accurate.
- Maintains an ongoing working knowledge of third-party insurance plan changes and other payor requirements that will require changes in laboratory registration system tables and dictionaries.
- Ensures confidentiality of all patient accounts, employees, legal, client and other company matters
- Works closely with Finance Department on CPT code issues along with Health Information Management Systems on ICD code issues to get them resolved in order to produce a clean payable claim
- Responds to patient/client concerns and resolves conflicts by communicating with staff, internal and external departments.
- Works closely with the Information Systems team on HIS and IIS upgrade testing and distribution of information concerning these changes.
- Assists with the development of SQL reports for management to monitor quality of registration data and registrar performance.

- Reviews daily, outpatient and outreach laboratory test requisitions for order accuracy and problem corrections
- Performs charging of miscellaneous tests and Laboratory services.
- Ensures that Laboratory client bills are system generated monthly, reviewed for clarity and accuracy, and sent to the proper client by mail. Works with Patient Accounts to ensure patient billing information is complete and accurate so that bills from the HIS are generated as soon as possible following discharge

Symmetry Medical Polyvac, Manchester, NH

2003-2006

Office Assistant:

Answered and directed calls from multi-line switchboard.

- Set up interviews and files for new employees.
- Copying, filing, faxing and light accountant.
- Data Entry of Clients
- Responded to needs of staff such as ordering supplies, making phone calls, and setting up appointments.

EDUCATION

Southern New Hampshire University, Manchester, NH
Masters of Science, Healthcare Administration

2018

Southern New Hampshire University, Manchester, NH
Bachelor of Science, Healthcare Management

2015

Management Leadership Series 6, Catholic Medical Center

2015-2016

Management Boot Camp, Catholic Medical Center

2014

Seacoast Career School, Manchester, NH
Certificate of Health Claims and Medical Coding

2007

PENNY KNIGHTS LAJOIE

Work Experience

NORTHEAST DERMATOLOGY ASSOCIATES, LONDONDERRY, NH

2002-present

Medical Assistant / Surgical Technician

- * Triage patients on site and by telephone.
- * Prepare patients for biopsies and surgical procedures.
- * Education regarding subcutaneous injections, post-surgical care and UVB treatment.
- * Assisting all surgeries, punch biopsies, cryosurgeries, and electrodesiccation and curettage.
- * Label, log and track all specimens obtained, including follow up if needed.
- * UVB - Narrow band light treatment.
- * Equipment maintenance, daily setup of all exam rooms and surgical areas.
- * State and federal compliance.
- * Training of new personnel.
- * Scheduling of all surgeries.

NEW HAMPSHIRE MEDICAL LABORATORIES, MANCHESTER, NH

1989-2002

Supervisor of Phlebotomy & Patient Care Centers and Administrative Call Rotation

- * Managed a staff of fifteen to include phlebotomists and patient care representatives.
- * Development and implementation of yearly competencies and procedures.
- * Scheduling and problem solving of four patient-care centers, ten nursing homes and four outreach programs.
- * State and Federal compliance.
- * Yearly staff evaluations.
- * Payroll.
- * Training of all new personnel and students.
- * Triage of all nursing home call outs.

Lead Phlebotomist

- * Scheduling, payroll, support phlebotomy staff, and assist Phlebotomy Supervisor.

Satellite Station Phlebotomist and Customer Representative

- * Patient registration.
- * Procurement and processing of all samples.
- * On-call rotation.
- * Backup switchboard operator and trainer.

ANNA JACQUES HOSPITAL, NEWBURYPORT, MA

1986-1989

Phlebotomy Supervisor and Section Supervisor of Urinalysis

- * Scheduling and evaluations of all phlebotomists to include in-patient, outpatient, home draws, and nursing homes.
- * Therapeutic phlebotomy.
- * Equipment maintenance.
- * Monthly reports, Quality Control, Policy and Procedure Manuals for both phlebotomy and urinalysis.
- * CAP Surveys.

UPPER CONNECTICUT VALLEY HOSPITAL, COLEBROOK, NH

1979-1982

Laboratory Technician, Secretary, EEG's and EKG's

- * General laboratory work to include machine maintenance, minor repair and quality control, Microbiology, Chemistry, Hematology, Blood Banking, and Urinalysis.
- * In and Outpatient phlebotomy, EKG's, EEG's.
- * Monthly inventory, reports, ordering, billing, and typing.

References upon request.

Sharon Todt, PBT (ASCP) cm

EXPERIENCE

CATHOLIC MEDICAL CENTER, Manchester, NH

2010 - Present

A 330-bed acute care facility, specializing in cardiac care.

Phlebotomist

Responsible for the registration, identification, collection, labeling and processing of patient specimens at the patient service centers, main hospital facility, and various client sites, according to established methods and procedures.

Phlebotomist

Littleton Regional Hospital, Littleton, NH

2005 - 2010

Responsible for collection, labeling and processing of patient specimens within the hospital and drop offs.

LNA

Dr. John Spicer, Littleton, NH

1998 - 2000

Responsible for rooming patients, taking vital signs to include charting, procure patients as needed.

EDUCATION

GED

Boonton High School, Boonton, New Jersey

MEMBERSHIPS/CERTIFICATIONS

American Society of Clinical Pathologists Certification: PBT (ASCP) cm

KEY ADMINISTRATIVE PERSONNEL

NH Department of Health and Human Services
Division for Children, Youth and Families

Agency Name: Catholic Medical Center

Name of Bureau/Section: _____

BUDGET PERIOD:		FY 2018-2019		
Name & Title Key Administrative Personnel	Annual Salary Of Key Administrative Personnel	Percentage of Salary Paid By Contract	101a1 Salary Amount	Paid By Contract
Joseph Pepe MD - President & CEO	\$816,920	0.00%	\$0.00	
Edward L. Dudley III Exec VP / CFO	\$473,803	0.00%	\$0.00	
Alexander J. Walker Jr Exec FP / COO	\$485,659	0.00%	\$0.00	
		0.00%	\$0.00	
		0.00%	\$0.00	
TOTAL SALARIES (Not to exceed Total/Salary Wages, Line Item 1 of Budget request)				\$0.00

Key Administrative Personnel are top-level agency leadership (President, Executive Director, CEO, CFO, etc), and individuals directly involved in operating and managing the program (project director, program manager, etc.). These personnel MUST be listed, even if no salary is paid from the contract. Provide their name, title, annual salary and percentage of annual salary paid from agreement.

CONTRACTOR NAME

Key Personnel

Name	Job Title	Salary	% Paid from this Contract	Amount Paid from this Contract
Lorrie Woodward	Director, Laboratory	\$123,573	0.1%	\$123.57
Joan Monaco	Manager, Laboratory	\$110,333	0.1%	\$110.33
Becky Nordquist	Supervisor, Client Services	\$53,539	1.0%	\$535.39
Penny Lajoie	Supervisor, Phlebotomy	\$91,187	1.0%	\$911.87
Rence Jackson	Phlebotomy Coordinator	\$55,515	5.0%	\$2,775.75
Sharon Todt	Phlebotomist III	\$43,180	4.0%	\$1,727.23

CMC Laboratory Response:

All costs related to this Laboratory Services project involving personnel for the phlebotomy, transportation/courier and testing services are included in the cost of the test as noted in the Rate Table. There are no personnel that will be directly charged to the contract.



Jeffrey A. Meyers
Commissioner

Maureen U. Ryan
Interim Director

23 mac

STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF HUMAN SERVICES
DIVISION FOR CHILDREN, YOUTH & FAMILIES

129 PLEASANT STREET, CONCORD, NH 03301-3857
603-271-4451 1-800-852-3345 Ext. 4451
FAX: 603-271-4729 TDD Access: 1-800-735-2964 www.dhhs.nh.gov

May 11, 2017

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division for Children, Youth and Families to amend an agreement with Catholic Medical Center Laboratory, (Vendor #177240 R003), for the provision of laboratory services for the John H. Sununu Youth Services Center, by increasing the price limitation by \$54,000 from \$108,000 to \$162,000 and extending the contract completion date from June 30, 2017 to June 30, 2019, effective July 1, 2017 or upon Governor and Executive Council approval, whichever is later. Governor and Executive Council approved the original agreement on June 5, 2013 (Item #51) and an amendment on April 22, 2015 (Item #12). 100% General Funds.

Funds to support this request are anticipated to be available in the following account for State Fiscal Year 2018 and 2019 upon the availability and continued appropriation of funds in the future operating budget, with the ability to adjust encumbrances between state fiscal years through the Budget Office without Governor and Executive Council approval, if needed and justified.

05-95-42-421510-79150000 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS, HHS: HUMAN SERVICES, SUNUNU YOUTH SERVICE CENTER, HEALTH SERVICES

State Fiscal Year	Class/ Object	Title	Activity Code	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
2014	101-500729	Health Services	42151501	\$27,000	\$0	\$27,000
2015	101-500729	Health Services	42151501	\$27,000	\$0	\$27,000
2016	101-500729	Health Services	42151501	\$27,000	\$0	\$27,000
2017	101-500729	Health Services	42151501	\$27,000	\$0	\$27,000
2018	101-500729	Health Services	42151501		\$27,000	\$27,000
2019	101-500729	Health Services	42151501		\$27,000	\$27,000
Total:				\$108,000	\$54,000	\$162,000

EXPLANATION

The purpose of this amendment is to continue the provision of laboratory services for the youth currently residing in the John H. Sununu Youth Services Center. The Division provides medical services through a 24/7 nursing coverage, staff psychiatrist, and a contract primary physician for the Center residents. Laboratory services include a qualified technical that comes to the John H. Sununu Youth Center to collect specimens.

This contract not only reduces the demand on Sununu Youth Services Center staff having to transport residents to a location outside the Center for the collection of specimens, transporting youth to an outside facility could result in a significant increase in costs to the Department. In order to ensure compliance with the child/staff ratio requirements, there would be a need for extra staffing outside of the facility. The need for staff remaining at the Center as well as staff accompanying the youth would increase.

This Contract was competitively bid.

The Department is satisfied with the services Catholic Medical Center has provided to the youth at the Center. Catholic Medical Center is a major health facility in the City of Manchester, and has served the community with state-of-the-art laboratory needs since 2006.

This Contract contains language which allows for the option to renew for two additional years. Due to the impeccable services provided since 2013, the Department would like to extend the contract for two additional years.

Should the Governor and Executive Council not approve this request, staff at the John H. Sununu Youth Services Center will need to transport the youth to an outside lab facility which will increase staffing needs. Therefore, increasing costs to the Department.

Area Served: John. H. Sununu Youth Services Center, Manchester, NH

Source of Funds: 100% General Funds

In the event that General Funds become no longer available, Other Funds will not be requested to support this program.

Respectfully submitted,



Maureen U. Ryan
Interim Director



Approved by: Jeffrey A. Meyers
Commissioner



**State of New Hampshire
Department of Health and Human Services
Amendment #2 to the Laboratory Services for the John H. Sununu Youth Services Center Contract**

This 2nd Amendment to the Laboratory Services for the John H. Sununu Youth Services Center contract (hereinafter referred to as "Amendment #2") dated this, 12th day of November 2016 is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Catholic Medical Center Laboratory (hereinafter referred to as "the Contractor"), a non-profit corporation with a place of business 100 McGregor Street, Manchester, NH 03102/

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on June 5, 2013 (item #81) and amended on April 22, 2015 (item #12), the Contractor agreed to perform certain services based upon the terms and conditions specified in the Contract as amended and in consideration of certain sums specified; and

WHEREAS, the State and the Contractor have agreed to make changes to the scope of work, payment schedules and terms and conditions of the contract; and

WHEREAS, pursuant to the General Provisions, Paragraph 18 of the Agreement, and Exhibit C-1 Paragraph 3, the State may renew the contract for four (4) additional years by written agreement of the parties and approval of the Governor and Executive Council; and;

WHEREAS, the parties agree to extend the Contract for two (2) years and increase the price limitation; and

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and conditions contained in the Contract and set forth herein, the parties hereto agree as follows:

To amend as follows:

1. Form P-37, General Provisions, Item 1.7, Completion Date, to read:
June 30, 2019
2. Form P-37, General Provisions, Item 1.8, Price Limitation, to read:
\$162,000

New Hampshire Department of Health and Human Services
Laboratory Services for the John H. Sununu Youth Services Center



This amendment shall be effective upon the date of Governor and Executive Council approval.

IN WITNESS WHEREOF, the parties have set their hands as of the date written below,

State of New Hampshire
Department of Health and Human Services

5/30/17
Date

Maurice Ryan
NAME Maurice Ryan
TITLE Director

Catholic Medical Center Laboratory

5/25/17
Date

Joseph Pepe
NAME Joseph Pepe, MD
TITLE President and CEO

Acknowledgement:

State of New Hampshire County of Hillsborough on May 25 2017, before the undersigned officer, personally appeared the person identified above, or satisfactorily proven to be the person whose name is signed above, and acknowledged that s/he executed this document in the capacity indicated above.

Signature of Notary Public or Justice of the Peace

Dorothy C. Welsh
Dorothy C. Welsh
Name and Title of Notary or Justice of the Peace



New Hampshire Department of Health and Human Services
Laboratory Services for the John H. Sununu Youth Services Center



The preceding Amendment, having been reviewed by this office, is approved as to form, substance, and execution.

OFFICE OF THE ATTORNEY GENERAL

6/2/17
Date:

J. Cusack
Name:
Title:

I hereby certify that the foregoing Amendment was approved by the Governor and Executive Council of the State of New Hampshire at the Meeting on: _____ (date of meeting)

OFFICE OF THE SECRETARY OF STATE

Date

Name:
Title:



Nicholas A. Toumpas
Commissioner

Lorraine Bartlett
Director

STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF HUMAN SERVICES
DIVISION FOR CHILDREN, YOUTH & FAMILIES

129 PLEASANT STREET, CONCORD, NH 03301-3857
603-271-4451 1-800-852-3345 Ext. 4451
FAX: 603-271-4729 TDD Access: 1-800-735-2964 www.dhhs.nh.gov

April 7, 2015

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

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division for Children, Youth and Families to enter into an amendment to exercise the renewal option in the contract with Catholic Medical Center (Vendor # 177240 R003), 100 McGregor Street, Manchester, New Hampshire, for the provision of laboratory services to the John H. Sununu Youth Services Center, by increasing the price limitation by \$54,000 from \$54,000 to an amount not to exceed \$108,000 and extending the end date of the agreement from June 30, 2015 to June 30, 2017, effective July 1, 2015 or date of Governor and Executive Council approval, whichever is later. Governor and Executive Council approved the original agreement on June 5, 2013 (Item # 81). 100% General Funds.

Funds to support this request are available in the following account for State Fiscal Year 2015, and are anticipated to be available in State Fiscal Year 2016 and State Fiscal Year 2017 upon availability and continued appropriation of funds in the future operating budget, with the ability to adjust encumbrances between State Fiscal Year through the Budget Office without Governor and Executive Council approval, if needed and justified.

05-95-42-421510-79150000 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS, HHS: HUMAN SERVICES, SUNUNU YOUTH SERVICE CENTER, HEALTH SERVICES

<u>State Fiscal Year</u>	<u>Class/ Object</u>	<u>Title</u>	<u>Activity Code</u>	<u>Current Modified Budget</u>	<u>Increase/ Decrease</u>	<u>Revised Modified Budget</u>
2014	101-500729	Health Services	42151501	\$27,000	\$0	\$27,000
2015	101-500729	Health Services	42151501	\$27,000	\$0	\$27,000
2016	101-500729	Health Services	42151501	0	\$27,000	\$27,000
2017	101-500729	Health Services	42151501	0	\$27,000	\$27,000
Total:				\$54,000	\$54,000	\$108,000

EXPLANATION

The purpose of this amendment is to continue the provision of laboratory services for the youth currently residing in the John H. Sununu Youth Services Center. The Division provides medical services through 24/7 nursing coverage, a staff psychiatrist, and a contract primary care physician for the Center residents. Laboratory services include a qualified technician that comes to the John H. Sununu Youth Center to collect specimens. This reduces the demand on Sununu Youth Service Center staff to transport residents to a location outside the Center for the collection of specimens.

The original contract was competitively bid.

Catholic Medical Center has provided these services well; they are a major health facility in the city of Manchester, and have served the community with state-of-the-art laboratory needs since 2006.

Should Governor and Executive Council not approve this request, the laboratory services needed for the youth at the John H. Sununu Youth Services Center will continue to be provided by the Division by utilizing staff and State vehicles which is costly and requires higher staffing ratios due to transporting the youth off campus to a lab facility. Having the vendor come to the John H. Sununu Youth Services Center is more efficient and considerably less expensive.

Geographic area served: John H. Sununu Youth Services Center, Manchester, NH

Source of funds: 100% General funds

Respectfully submitted,


Mary Ann Cooney
Associate Commissioner

Approved by:


Nicholas A. Toumpas
Commissioner



New Hampshire Department of Health and Human Services
Laboratory Services for the John H. Sununu Youth Services Center

State of New Hampshire
Department of Health and Human Services
Amendment #1 to the Laboratory Services for the John H. Sununu Youth Services Center

This 1st Amendment to the Laboratory Services for the John H. Sununu Youth Services Center contract (hereinafter referred to as "Amendment #1") dated this 24th day of March, 2015, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Catholic Medical Center Laboratory, (hereinafter referred to as "the Contractor"), a nonprofit corporation with a place of business at 100 McGregor Street, Manchester, NH 03102.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on June 5, 2013 (item #81), the Contractor agreed to perform certain services based upon the terms and conditions specified in the Contract as amended and in consideration of certain sums specified; and

WHEREAS, the State and the Contractor have agreed to make changes to the scope of work, payment schedules and terms and conditions of the contract; and

WHEREAS, pursuant to Form P37, General Provisions, Paragraph 18 of the Agreement, and Exhibit B, Methods, Schedule, and Conditions Precedent to Payment, Paragraph 3, and Standard Exhibit C-1, Additional Special Provisions, paragraph 1, the State may renew the contract for up to (4) four additional years by written agreement of the parties and approval of the Governor and Executive Council; and;

WHEREAS, the parties agree to increase the price limitation and extend the Contract for two (2) years; and

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and conditions contained in the Contract and set forth herein, the parties hereto agree as follows:

To amend as follows:

1. Form P-37, General Provisions, Item 1.7, Completion Date, to read:
June 30, 2017
2. Form P-37, General Provisions, Item 1.8, Price Limitation, to read:
\$108,000
3. Form P-37, General Provisions, Item 1.9, Contracting Officer for State Agency, to read:
Eric D. Borrin
4. Form P-37, General Provisions, Item 1.10, to read:
(803) 271-9558
5. Exhibit A, Scope of Services, CONTRACT PERIOD, to read:
July 1, 2013 to June 30, 2017
6. Exhibit A, Scope of Services, Program Specifications, Section B. Program Operations, Paragraph 1 to read:
 1. Laboratory Services. The contractor agrees that all laboratory services to be provided, including those laboratory services referenced in Exhibit B-1 and Exhibit B2 – Amendment #1, meet the requirements of The Joint Commission, the Clinical Laboratory Improvement Act of 1988 (CLIA), as amended, or any other applicable accrediting bodies. The vendor agrees to notify the Division in writing within five (5) working days after notification that the



New Hampshire Department of Health and Human Services
Laboratory Services for the John H. Sununu Youth Services Center

- abovementioned services do not meet these requirements or that the vendor as a whole did not meet The Joint Commission or any other applicable accrediting agencies requirements.
7. Exhibit B, Method, Schedule, and Conditions Precedent to Payment, Program Period to read:
July 1, 2013 to June 30, 2017
 8. Exhibit B, Method, Schedule, and Conditions Precedent to Payment, Paragraph 1, to read:
Subject to the availability of Federal funds, and in consideration for the satisfactory completion of the Services to be performed under this Agreement, the Division for Children, Youth and Families agrees to purchase from the Contractor, services in an amount not to exceed the amount in Form P-37, General Provisions, Item 1.8, Price Limitation.
 9. Exhibit B, Method, Schedule, and Conditions Precedent to Payment, Paragraph 1.2., to read:
Expenditures for each State Fiscal Year of the agreement shall be in accordance with the line items as shown in the Exhibit B-2 - Rate Table.
 10. Add Exhibit B-2 – Amendment #1.
 11. Delete Standard Exhibit C, Special Provisions, and replace with Exhibit C, Special Provisions.
 12. Add Standard Exhibit C-1, Additional Special Provisions, Paragraph 2 to read:
 2. Subparagraph 14.1.1 of the General Provisions of this contract, is deleted and the following subparagraph is added:
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 \$1,000,000 per occurrence with additional general liability umbrella insurance coverage of not less than \$1,000,000; and
 13. Standard Exhibit D, Certification Regarding Drug-Free Workplace Requirements, Period Covered by this Certification, to read:
From 7/1/2013 to 6/30/2017
 14. Delete Standard Exhibit G, Certification Regarding the Americans with Disabilities Act Compliance, and replace with Exhibit G, Certification of Compliance with Requirements Pertaining to Federal Nondiscrimination, Equal Treatment of Faith-Based Organizations and Whistleblower Protections.

New Hampshire Department of Health and Human Services
Laboratory Services for the John H. Sununu Youth Services Center



This amendment shall be effective upon the date of Governor and Executive Council approval.

IN WITNESS WHEREOF, the parties have set their hands as of the date written below,

State of New Hampshire
Department of Health and Human Services

4/1/15
Date

Mary Ann Cooney
Associate Commissioner

Catholic Medical Center Laboratory

3/26/15
Date

Name: Joseph Pepe, MD
Title: President + CEO

Acknowledgement:

State of New Hampshire, County of Hillsborough on March 26, 2015, before the undersigned officer, personally appeared the person identified above, or satisfactorily proven to be the person whose name is signed above, and acknowledged that s/he executed this document in the capacity indicated above.

Signature of Notary Public or Justice of the Peace

Dorothy C. Welsh
Name and Title of Notary or Justice of the Peace



RP/CS



New Hampshire Department of Health and Human Services
Laboratory Services for the John H. Sununu Youth Services Center

The preceding Amendment, having been reviewed by this office, is approved as to form, substance, and execution.

OFFICE OF THE ATTORNEY GENERAL

4/6/15
Date

Name: Megan A. York
Title: Attorney

I hereby certify that the foregoing Amendment was approved by the Governor and Executive Council of the State of New Hampshire at the Meeting on: _____ (date of meeting)

OFFICE OF THE SECRETARY OF STATE

Date

Name:
Title:



Nicholas A. Toumpas
Commissioner

Maggie Bishop
Director

STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION FOR CHILDREN, YOUTH & FAMILIES

129 PLEASANT STREET, CONCORD, NH 03301-3857
603-271-4451 1-800-852-3345 Ext. 4451
FAX: 603-271-4729 TDD Access: 1-800-735-2964

April 19, 2013

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

REQUESTED ACTION

Authorize the Department of Health and Human Services, Divisions for Children, Youth and Families to enter into an agreement with Catholic Medical Center Laboratory, 100 McGregor Street, Manchester, NH 03102 (Vendor #177240 R003), for the provision of providing laboratory services to the John H. Sununu Youth Services Center, effective July 1, 2013 or date of Governor and Executive Council approval, whichever comes later, through June 30, 2015, in an amount not to exceed \$54,000.00. Funds are anticipated to be available in State Fiscal Years 2014 and 2015 upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts, if needed and justified, between State Fiscal Years:

05-95-42-421510-79150000 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF,
HHS: HUMAN SERVICES, SUNUNU YOUTH SERVICE CENTER, HEALTH SERVICES

<u>Class/Object</u>	<u>Title</u>	<u>Activity</u> <u>Code</u>	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>TOTAL</u>
101-500729	Health Services	41111130	\$27,000.00	\$27,000.00	\$54,000.00

EXPLANATION

The above action is requested for the provision of providing laboratory services to the youth at the John H. Sununu Youth Services Center. The Division provides medical services through a 24/7 nursing coverage, staff psychiatrist, and a contract primary physician to Center residents. Currently, when laboratory services are ordered staff at the Center transport the residents to a location outside the Center for the specimen collection. Generally, two staff are required for each transport. With up to fifteen (15) residents each month requiring transport to the collection site it becomes costly and negatively impacts staffing levels. This is a burdensome process for the Division. To improve efficient use of Center staff the Division is seeking laboratory services to include a qualified technician acceptable to the Division that will come to the Center to collect specimens. The mission of this initiative is to reduce the demand on Center staffing to transport residents to a location outside the Center for the collection of specimens.

Competitive Bidding Process

On August 1, 2012, the Division issued a Request for Proposals for this program. The Request for Proposals was published on the Department of Health and Human Services website. There was no response to this initial RFP. The Division reissued the RFP on October 3, 2012 and the Division also announced the release of the Request for Proposals via a letter sent to major medical facilities in the area.

The Request for Proposals included evaluation criteria and a description of factors that the Division would utilize in assessing the effectiveness of proposals received. The Division formed an Evaluation Committee comprised of Division staff from the John H. Sununu Youth Services Center and the Division's Financial Analyst and Contract Specialist. Committee members individually reviewed Catholic Medical Center's proposal; out of 100 possible points the agency's proposal scored an average of 93 points. As a result, the Committee recommended awarding an agreement to Catholic Medical Center to serve the youth at the Sununu Youth Services Center.

Catholic Medical Center is a major health facility in the city of Manchester and has served the community for with state-of-the-art laboratory needs since 2006.

In the event that this contract is not approved by the Governor and Executive Council, the laboratory services needed for the youth at the Sununu Youth Services Center will continue to be provided by the Division by utilizing staff and State vehicles which is costly and requires higher staffing ratios due to transporting the youth off campus to a lab facility.

Agreement Terms

The agreement calls for the provision of these services for two years and reserves the Division's right to renew them for up to four additional years based on the satisfactory delivery of services, continued availability of supporting funds, and Governor and Council approval.

Geographic area served: John H. Sununu Youth Services Center, Manchester, NH

Source of funds: 100% General funds

Respectfully submitted,

Maggie Bishop (LCS)

Maggie Bishop
Director

Approved by:

Nicholas A. Toumpas
Nicholas A. Toumpas
Commissioner

Date: 11-13-12

CMC		EH	
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Agency Mission: The overall mission, program, and services of the organization relate to the program, goals, and principles as described in the RFP.

2 Program Structure/Plan of Operation Section (Up to 48 Points Total)

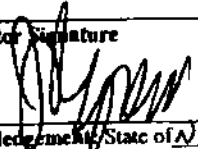
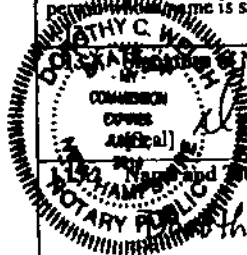
3. Budget and Justification (Up to 32 Points Total)

Program & Event Summary 3 People

Subject: John H. Sununu Youth Services Laboratory Services**AGREEMENT**

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

GENERAL PROVISIONS**1. IDENTIFICATION.**

1.1 State Agency Name Department of Health and Human Services Division for Children, Youth and Families		1.2 State Agency Address 129 Pleasant Street Concord, NH 03301	
1.3 Contractor Name Catholic Medical Center Laboratory		1.4 Contractor Address 100 McGregor Street Manchester, NH 03102	
1.5 Contractor Phone Number 603-668-3545	1.6 Account Number 10-040-58130000-101-500729	1.7 Completion Date 6/30/2015	1.8 Price Limitation \$54,000.00
1.9 Contracting Officer for State Agency John Harrington		1.10 State Agency Telephone Number 603-271-9540	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory Joseph Pepe, MD, CEO & President, CMC	
1.13 Acknowledgement/State of <u>NH</u> , County of <u>Hillsborough</u> On <u>4/22/13</u> before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.14 Signature of Notary Public or Justice of the Peace  <u>Dorothy C. Welsh</u>			
1.15 Name and Title of Notary or Justice of the Peace <u>Dorothy C. Welsh</u> Notary Public			
1.14 State Agency Signature <u>Maggie Bishop (AES)</u>		1.15 Name and Title of State Agency Signatory Maggie Bishop, Director	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) By: <u>James P. Herrick, Attorney</u> On: <u>22 April 2013</u>			
1.18 Approval by the Governor and Executive Council By: _____ On: _____			

M

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.


4/18/13

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 determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;

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

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.

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, formulac, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, 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

[Signature]
4/18/12

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. RSA 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.

**EXHIBIT A
SCOPE OF SERVICES**

DATE: April 1, 2013

CONTRACT: Laboratory Services for the John H. Sununu Youth Services Center

CONTRACT PERIOD: July 1, 2013 to June 30, 2015

CONTRACTOR NAME: Catholic Medical Center Laboratory

ADDRESS: 100 McGregor Street
Manchester, NH 03102

TELEPHONE: 603-663-5362

REPRESENTATIVE: Roberta E. Provencal
TITLE: Director of Laboratory Services

PROGRAM SPECIFICATIONS

A. Program Outcomes

The expected outcomes are as follows:

- The collection of resident specimens to be performed at the SYSC.
- The specimens collected at the SYSC to be transported to a laboratory for testing.
- Elimination of resident transports for collecting specimens.
- Increase staff efficiency.
- Quality specimen collection.
- Quality laboratory services.
- Timely reporting of laboratory results.
- Success will be measured by several important factors, including, but limited to:
 - Number of specimens that require collection outside of the SYSC.
 - Quality measures instituted to evaluate specimen collection, testing and reporting.

B. Program Operations

1. Laboratory Services. The contractor agrees that all laboratory services to be provided, including those laboratory services referenced in Exhibit B-1, meet the requirements of The Joint Commission, the Clinical Laboratory Improvement Act of 1988 (CLIA), as amended, or any other applicable accrediting bodies. The vendor

agrees to notify the Division in writing within five (5) working days after notification that the abovementioned services do not meet these requirements or that the vendor as a whole did not meet The Joint Commission or any other applicable accrediting agencies requirements.

2. Quarterly Specimen Collection Quality Assurance Report. The vendor shall submit a quarterly Specimen Collection Quality Assurance Report. Copies of the report shall be sent to the Medical Coordinator and The Manager of Residential Services for the Division and shall include:
 - a. The number of each test and profile performed;
 - b. A list, by resident, of the tests or profiles completed;
 - c. A list, by practitioner, of the tests and profiles ordered;
 - d. A list, by resident, of the phlebotomy collections completed and the costs associated with each;
 - e. A list, by dates and times, of the additional courier call-backs, and the associated costs;
 - f. A list, by resident, of all rejected specimens; and
 - g. Other reports upon request, e.g., a summary of reported issues.
3. Identified Problems. Identified problems during the contract term shall be resolved mutually between the Division and Contractor. At least quarterly during each contract year, the Division and the Contractor shall meet to discuss the quality and appropriateness of services and resolve any identified problems.
4. Objective Criteria. The contractor shall provide the Division with information regarding the objective criteria, e.g., a quality control surveillance program, established to review and monitor the services provided to the Division.
5. Laboratory Results. Laboratory results shall be reported on a standard form approved by the Division which includes the date and time a specimen as collected, received by the laboratory and completed, technologist's initials and pathologist's review, where appropriate. The contractor, at no additional costs, shall supply appropriate requisition forms to the Division.
6. Frequency of Services. Routine tests are to be performed once daily, potentially seven (7) days per week, except for chemistry profiles on Thanksgiving, Christmas, and New Year's Day.
7. Emergency/Abnormal Tests. Emergency or abnormal test results or others requested by a physician shall be performed and reported in a timely fashion consistent with clinical appropriateness, to the Division by call and/or fax, weekends excepted, followed by printed copies for the medical record.
8. Results. Results must be delivered to the Division by 4:00 that same day. Printed copies of all laboratory results shall be forwarded to the appropriate clinician for review. Turn around time shall be maintained in a manner suitable to the clinical situation in which the tests are requested.

Contractor Initials: _____
Date: _____


4/18/13

9. Reportable Diseases. The contractor agrees to notify the Division within one (1) working day, of any laboratory findings that indicate a disease reportable to the NH Division of Public Health Services.
10. Antimicrobial Susceptibility. The contractor shall provide the antimicrobial susceptibility summary annually.
11. Change in Reference Laboratories. All laboratory services shall be performed at the contractor's facility or a reference laboratory that meets the aforementioned requirements. The contractor must be capable of performing the tests and meeting turn-around times as specified. The contractor shall notify the Division of any change in reference laboratories.
12. Data. Data provided to the Division shall be in a computerized form in sufficient detail for the Division to bill payers.
13. On-Line Results. The contractor shall provide the Division the ability to access on-line laboratory results. These services shall be provided by the contractor at no cost to the Division. The contractor and the Division shall cooperate in the development of enhancements to the computerized reporting system.
14. Protected Health Information. The contractor and Division shall strictly abide by all state and federal laws and regulations with respect to the privacy and electronic security of protected health information, including, without limitation, the regulations promulgated under the Health Insurance Portability and Accountability Act of 1996, as currently issued, as amended from time to time. The obligation to keep protected health information confidential shall survive the termination of this contract.
15. Equipment and supplies. The contractor shall provide all equipment and supplies needed for the specimen collection.

C. Staff Qualifications

1. The contractor shall require that all staff, sub-contractors, and volunteers working on this project, who come in contact with children, receive background and central registry checks.
2. The contractor will provide a qualified technician acceptable to the Division to perform the ordered tests between the hours of 6 AM and 8 AM. The technician shall visit the SYSC in accordance with a schedule as mutually agreed upon by the vendor and Division, but not less than one morning per week.

2.1 The program shall be staffed by individual providers and/or employees of the facility that are duly licensed and registered, and in good standing under the laws of the State of New Hampshire, to engage in the practice of medicine, and that said licenses and registrations have not been suspended, revoked, or restricted in any manner.

Contractor Initials: 
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2.2 The program shall be staffed by individual providers and/or employees who have not been suspended or exclude from participating in Medicaid, other federal and state reimbursement programs, or the payment plan of any commercial insurer, health maintenance organization, preferred provider organization, accountable health plan, or other health benefit program.

EXHIBIT B

METHOD, SCHEDULE, AND CONDITIONS PRECEDENT TO PAYMENT

Contract Agency: Catholic Medical Center Laboratory

Program Period: July 1, 2013 to June 30, 2015 or date of Governor and Council approval, whichever is later

Account Information: Health Services

1. Subject to the availability of Federal funds, and in consideration for the satisfactory completion of the Services to be performed under this Agreement, the Division for Children, Youth and Families agrees to purchase from the Contractor, services in an amount not to exceed \$54,000.00 for services performed during the program period specified above.

1.1. The Contract Price shall be no more than the total program cost.

1.2. Expenditures for each State Fiscal Year of the agreement shall be in accordance with the line items as shown in the Exhibit B-1: Rate Table.

2. Payments shall be made to the Contractor, subject to the following conditions:

2.1. Payment shall be on a cost reimbursement basis based on actual expenditures incurred in the fulfillment of this agreement. The billing process will follow the procedure below:

- CMC will generate a monthly invoice.
- The invoice will include the date of service, patient name, test performed, and contract cost.
- The invoice will be sent to Donna Bourbeau (see mailing information below) for payment approval.
- If the patient has private insurance, the Sununu Youth Services Center nurse will provide the CMC lab technician with the private insurance information at the time of service delivery.
- CMC will bill the private insurance, not Sununu Youth Services Center.

The invoice shall be completed by the Contractor, signed, and returned to the SYSC Nurse Coordinator: Donna Bourbeau, John H. Sununu Youth Services Center, 1056 North River Road, Manchester, NH 03104, in order to initiate payment. It is the Division's preference that invoice be submitted electronically, via email.

2.2. Requests for payment shall be signed by an authorized representative of the Contractor. Payment requests shall be submitted monthly.

2.3. A final payment request shall be submitted no later than forty-five (45) days after the Contract ends. Failure to submit the invoice by this date could result in non-payment.


Contractor Initials:

Date: 4/15/13

2.4. Notwithstanding anything to the contrary herein, the Contractor agrees that funding under this Contract may be withheld, in whole or in part, in the event of noncompliance with any State or Federal law, rule or regulation applicable to the Services provided, or if the said Services have not been completed in accordance with the terms and conditions of this Agreement.

2.5. Payments may be withheld pending receipt of required reports as outlined in Exhibit A, B, 2.

3. The Division reserves the right to renew the Contract for up to four years, subject to continued availability of funds, satisfactory performance of services, and approval by the Governor and Executive Council.

Contractor Initials: 

Date: 4/18/13

State of New Hampshire
Department of Health and Human Services
Division for Children, Youth and Families

EXHIBIT B-1
PERSONNEL DATA - Catholic Medical Center - Laboratory Services
State Fiscal Year 2014

	Name	Title	Annual Salary	% of Time to Work on the Project	Project Amount Charged for SFY 2014 (7/1/13 - 6/30/14)
1	Roberta Provencal	Executive Director, Laboratory	\$ 135,844.80	0.1%	\$ 13.58
2	Amy Schultz	Lab Technical Operations Mgr	\$ 100,713.60	0.1%	\$ 10.07
3	Thomas Hebert	Lab Outreach Liaison	\$ 73,831.68	1%	\$ 738.32
4	Penny Lajoie	Phlebotomy Supervisor	\$ 81,861.10	1%	\$ 818.61
5	Andrea Haddad	Phlebotomist 3	\$ 36,608.00	5%	\$ 1,830.40
6	Stephanie Caron	Phlebotomist 3	\$ 34,320.00	4%	\$ 1,372.80
7			\$ -		\$ -
8					
9					
	Total:				\$ 4,783.78

State Fiscal Year 2015

	Name	Title	Annual Salary	% of Time to Work on the Project	Project Amount Charged for SFY 2015 (7/1/14 - 6/30/15)
1	Roberta Provencal	Executive Director, Laboratory	\$ 135,844.80	0.1%	\$ 13.58
2	Amy Schultz	Lab Technical Operations Mgr	\$ 100,713.60	0.1%	\$ 10.07
3	Thomas Hebert	Lab Outreach Liaison	\$ 73,831.68	1%	\$ 738.32
4	Penny Lajoie	Phlebotomy Supervisor	\$ 81,861.10	1%	\$ 818.61
5	Andrea Haddad	Phlebotomist 3	\$ 36,608.00	5%	\$ 1,830.40
6	Stephanie Caron	Phlebotomist 3	\$ 34,320.00	4%	\$ 1,372.80
7			\$ -		\$ -
8					
9					
	Total:				\$ 4,783.78


4/18/13

Exhibit B-2 - Rate Table
SYSC - Sununu Lab Services

John H. Sununu Youth Services
Laboratory Services

LABORATORY SERVICE
RATE TABLE

<i>Test</i>	<i>CPT</i>	<i>Rate</i>
BMP (Basic Metabolic Panel)	80048	\$ 11.98
Carbamazepine Level (Tegretol)	80156	\$ 20.62
CBC with Differential and Platelets	85025	\$ 11.02
Cholesterol	82465	\$ 6.16
Comprehensive Metabolic Panel	80053	\$ 14.97
C-Reactive Protein (CRP)	86140	\$ 18.34
C-Reactive Protein (CRP) high sensitivity	86141	\$ 18.34
Depakote (VALP) (Valproic Acid)	80164	\$ 19.19
Fasting Serum Glucose	82947	\$ 5.56
FBS (Fasting Blood Sugar)	82947	\$ 5.56
HDLP (HDL Cholesterol Panel)	82465/83718	\$ 17.76
Hemoglobin A1C	83036	\$ 13.75
Hepatic Function Panel	80076	\$ 18.97
Hepatitis B Surface Antibody	86706	\$ 15.21
Hepatitis C Antibody	86803	\$ 18.85
Hepatitis C RNA PCR	87522	\$ 95.10
HFP (Hepatic Function Panel)	80076	\$ 11.57
HIV Antibody	86703	\$ 14.96
LI (Lithium)	80178	\$ 9.36
Lipid Panel with LDL/HDL Ratio	80061	\$ 18.97
Lithium Level	80178	\$ 9.36
Mononucleosis	86308	\$ 10.39
Prolactin	84146	\$ 27.45
Qualitative hCG Beta Subunit	84703	\$ 10.64
Quantitative hCG Beta Subunit (Serum Pregnancy)	84702	\$ 21.33
Stool Culture	87045	\$ 13.36
Tegretol (Carbamazepine)	80156	\$ 20.62
Throat Culture	87070	\$ 12.20
Throat Screen	87880	\$ 16.22
TSH	84443	\$ 23.80
Urinalysis (auto w/microscopy)	81001	\$ 4.48
VALP (Valproic Acid)	80164	\$ 19.19
Valproate Level (Valproic Acid)	80164	\$ 19.19
Wound Culture - Superficial	87070	\$ 12.20
Wound Culture - Deep	87070/87075	\$ 25.60

Contractor Initials: 

Date: 4/18/13

NH Department of Health and Human Services

STANDARD EXHIBIT C

SPECIAL PROVISIONS

1. **Contractors Obligations:** The Contractor covenants and agrees that all funds received by the Contractor under the Contract shall be used only as payment to the Contractor for services provided to eligible individuals and, in the furtherance of the aforesaid covenants, the Contractor hereby covenants and agrees as follows:

2. **Compliance with Federal and State Laws:** If the Contractor is permitted to determine the eligibility of individuals such eligibility determination shall be made in accordance with applicable federal and state laws, regulations, orders, guidelines, policies and procedures.

3. **Time and Manner of Determination:** Eligibility determinations shall be made on forms provided by the Department for that purpose and shall be made and remade at such times as are prescribed by the Department.

4. **Documentation:** In addition to the determination forms required by the Department, the Contractor shall maintain a data file on each recipient of services hereunder, which file shall include all information necessary to support an eligibility determination and such other information as the Department requests. The Contractor shall furnish the Department with all forms and documentation regarding eligibility determinations that the Department may request or require.

5. **Fair Hearings:** The Contractor understands that all applicants for services hereunder, as well as individuals declared ineligible have a right to a fair hearing regarding that determination. The Contractor hereby covenants and agrees that all applicants for services shall be permitted to fill out an application form and that each applicant or re-applicant shall be informed of his/her right to a fair hearing in accordance with Department regulations.

6. **Gratuities or Kickbacks:** The Contractor agrees that it is a breach of this Contract to accept or make a payment, gratuity or offer of employment on behalf of the Contractor, any Sub-Contractor or the State in order to influence the performance of the Scope of Work detailed in Exhibit A of this Contract. The State may terminate this Contract and any sub-contract or sub-agreement if it is determined that payments, gratuities or offers of employment of any kind were offered or received by any officials, officers, employees or agents of the Contractor or Sub-Contractor.

7. **Retroactive Payments:** Notwithstanding anything to the contrary contained in the Contract or in any other document, contract or understanding, it is expressly understood and agreed by the parties hereto, that no payments will be made hereunder to reimburse the Contractor for costs incurred for any purpose or for any services provided to any individual prior to the Effective Date of the Contract and no payments shall be made for expenses incurred by the Contractor for any services provided prior to the date on which the individual applies for services or (except as otherwise provided by the federal regulations) prior to a determination that the individual is eligible for such services.

8. **Conditions of Purchase:** Notwithstanding anything to the contrary contained in the Contract, nothing herein contained shall be deemed to obligate or require the Department to purchase services hereunder at a rate which reimburses the Contractor in excess of the Contractor's costs, at a rate which exceeds the amounts reasonable and necessary to assure the quality of such service, or at a rate which exceeds the rate charged by the Contractor to ineligible individuals or other third party funders for such service. If at any time during the term of this Contract or after receipt of the Final Expenditure Report hereunder, the Department shall determine that the Contractor has used payments hereunder to reimburse items of expense other than such costs, or has received payment in excess of such costs or in excess of such rates charged by the Contractor to ineligible individuals or other third party funders, the Department may elect to:

8.1 Renegotiate the rates for payment hereunder, in which event new rates shall be established;

8.2 Deduct from any future payment to the Contractor the amount of any prior reimbursement in excess of costs;

8.3 Demand repayment of the excess payment by the Contractor in which event failure to make such repayment shall constitute an Event of Default hereunder. When the Contractor is permitted to determine the eligibility of individuals for services, the Contractor agrees to reimburse the Department for all funds paid by the Department to the Contractor for services provided to any individual who is found by the Department to be ineligible for such services at any time during the period of retention of records established herein.

RECORDS: MAINTENANCE, RETENTION, AUDIT, DISCLOSURE AND CONFIDENTIALITY:

9. Maintenance of Records: In addition to the eligibility records specified above, the Contractor covenants and agrees to maintain the following records during the Contract Period:

9.1 Fiscal Records: books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the Contractor in the performance of the Contract, and all income received or collected by the Contractor during the Contract Period, said records to be maintained in accordance with accounting procedures and practices which sufficiently and properly reflect all such costs and expenses, and which are acceptable to the Department, and to include, without limitation, all ledgers, books, records, and original evidence of costs such as purchase requisitions and orders, vouchers, requisitions for materials, inventories, valuations of in-kind contributions, labor time cards, payrolls, and other records requested or required by the Department.

9.2 Statistical Records: Statistical, enrollment, attendance or visit records for each recipient of services during the Contract Period, which records shall include all records of application and eligibility (including all forms required to determine eligibility for each such recipient), records regarding the provision of services and all invoices submitted to the Department to obtain payment for such services.

9.3 Medical Records: Where appropriate and as prescribed by the Department regulations, the Contractor shall retain medical records on each patient/recipient of services.

10. Audit: Contractor shall submit an annual audit to the Department within 60 days after the close of the Contractor fiscal year. It is recommended that the report be prepared in accordance with the provision of Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non Profit Organizations" and the provisions of Standards for Audit of Governmental Organizations, Programs, Activities and Functions, issued by the US General Accounting Office (GAO standards) as they pertain to financial compliance audits.

10.1 Audit and Review: During the term of this Contract and the period for retention hereunder, the Department, the United States Department of Health and Human Services, and any of their designated representatives shall have access to all reports and records maintained pursuant to the Contract for purposes of audit, examination, excerpts and transcripts.

10.2 Audit Liabilities: In addition to and not in any way in limitation of obligations of the Contract, it is understood and agreed by the Contractor that the Contractor shall be held liable for any state or federal audit exceptions and shall return to the Department, all payments made under the Contract to which exception has been taken or which have been disallowed because of such an exception.

11. Confidentiality of Records: All information, reports, and records maintained hereunder or collected in connection with the performance of the services and the Contract shall be confidential and shall not be disclosed by the Contractor, provided however, that pursuant to state laws and the regulations of the Department regarding the use and disclosure of such information, disclosure may be made to public officials requiring such information in connection with their official duties and for purposes directly connected to the administration of the services and the Contract, and provided further, that the use or disclosure by any party of any information concerning a recipient for any purpose not directly connected with the administration of the Department or the Contractor's responsibilities with respect to purchased services hereunder is prohibited except on written consent of the recipient, his attorney or guardian.

Notwithstanding anything to the contrary contained herein the covenants and conditions contained in the Paragraph shall survive the termination of the Contract for any reason whatsoever.

12. Reports: Fiscal and Statistical: The Contractor agrees to submit the following reports at the following times if requested by the Department.

12.1 Interim Financial Reports: Written interim financial reports containing a detailed description of all costs and non-allowable expenses incurred by the Contractor to the date of the report and containing such other information as shall be deemed satisfactory by the Department to justify the rate of payment hereunder. Such Financial Reports shall be submitted on the form designated by the Department or deemed satisfactory by the Department.

12.2 Final Report: A final report shall be submitted within thirty (30) days after the end of the term of this Contract. The Final Report shall be in a form satisfactory to the Department and shall contain a summary statement of progress toward goals and objectives stated in the Proposal and other information required by the Department.

13. Completion of Services: Disallowance of Costs: Upon the purchase by the Department of the maximum number of units provided for in the Contract and upon payment of the price limitation hereunder, the Contract and all the obligations of the parties hereunder (except such obligations as, by the terms of the Contract are to be performed after the end of the term of this Contract and/or survive the termination of the Contract) shall terminate, provided however, that if, upon review of the Final Expenditure Report the Department shall disallow any expenses claimed by the Contractor as costs hereunder the Department shall retain the right, at its discretion, to deduct the amount of such expenses as are disallowed or to recover such sums from the Contractor.

14. Credits: All documents, notices, press releases, research reports and other materials prepared during or resulting from the performance of the services of the Contract shall include the following statement:

14.1 The preparation of this (report, document etc.) was financed under a Contract with the State of New Hampshire, Department of Health and Human Services, with funds provided in part by the State of New Hampshire and/or such other funding sources as were available or required, e.g., the United States Department of Health and Human Services.

15. Prior Approval and Copyright Ownership:

All materials (written, video, audio) produced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution or use. The DHHS will retain copyright ownership for any and all original materials produced, including, but not limited to, brochures, resource directories, protocols or guidelines, posters, or reports. Contractor shall not reproduce any materials produced under the contract without prior written approval from DHHS.

16. Operation of Facilities: Compliance with Laws and Regulations: In the operation of any facilities for providing services, the Contractor shall comply with all laws, orders and regulations of federal, state, county and municipal authorities and with any direction of any Public Officer or officers pursuant to laws which shall impose an order or duty upon the contractor with respect to the operation of the facility or the provision of the services at such facility. If any governmental license or permit shall be required for the operation of the said facility or the performance of the said services, the Contractor will procure said license or permit, and will at all times comply with the terms and conditions of each such license or permit. In connection with the foregoing requirements, the Contractor hereby covenants and agrees that, during the term of this Contract the facilities shall comply with all rules, orders, regulations, and requirements of the State Office of the Fire Marshal and the local fire protection agency, and shall be in conformance with local building and zoning codes, by-laws and regulations.

17. Subcontractors: DHHS recognizes that the Contractor may choose to use subcontractors with greater expertise to perform certain health care services or functions for efficiency or convenience, but the Contractor shall retain the responsibility and accountability for the function(s). Prior to subcontracting, the Contractor shall evaluate the subcontractor's ability to perform the delegated function(s). This is accomplished through a written agreement that specifies activities and reporting responsibilities of the subcontractor and provides for revoking the delegation or imposing sanctions if the subcontractor's performance is not adequate. Subcontractors are subject to the same contractual conditions as the Contractor and the Contractor is responsible to ensure subcontractor compliance with those conditions.

When the Contractor delegates a function to a subcontractor, the Contractor shall do the following:

- Evaluate the prospective subcontractor's ability to perform the activities, before delegating the function
- Have a written agreement with the subcontractor that specifies activities and reporting responsibilities and how sanctions/revocation will be managed if the subcontractor's performance is not adequate

- Monitor the subcontractor's performance on an ongoing basis
- Provide to DHHS an annual schedule identifying all subcontractors, delegated functions and responsibilities, and when the subcontractor's performance will be reviewed
- DHHS shall review and approve all subcontracts.

if the Contractor identifies deficiencies or areas for improvement are identified, the Contractor shall take corrective action.

SPECIAL PROVISIONS – DEFINITIONS

As used in the Contract, the following terms shall have the following meanings:

COSTS: Shall mean those direct and indirect items of expense determined by the Department to be allowable and reimbursable in accordance with cost and accounting principles established in accordance with state and federal laws, regulations, rules and orders.

DEPARTMENT: NH Department of Health and Human Services.

PROPOSAL: If applicable, shall mean the document submitted by the Contractor on a form or forms required by the Department and containing a description of the Services to be provided to eligible individuals by the Contractor in accordance with the terms and conditions of the Contract and setting forth the total cost and sources of revenue for each service to be provided under the Contract.

UNIT: For each service that the Contractor is to provide to eligible individuals hereunder, shall mean that period of time or that specified activity determined by the Department and specified in Exhibit B of the Contract.

FEDERAL/STATE LAW: Wherever federal or state laws, regulations, rules, orders, and policies, etc. are referred to in the Contract, the said reference shall be deemed to mean all such laws, regulations, etc. as they may be amended or revised from the time to time.

SUPPLANTING OTHER FEDERAL FUNDS: The Contractor guarantees that funds provided under this Contract will not supplant any existing federal funds available for these services.

NH Department of Health and Human Services

STANDARD EXHIBIT C-1

ADDITIONAL SPECIAL PROVISIONS

1. The Department reserves the right to renew this contract for up to four additional years subject to continued availability of funds, satisfactory performance of services, and approval of contract renewal by the Governor and Executive Council.

NH Department of Health and Human Services

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 GRANTEEES 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;

Contractor Initials: 
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- (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.

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

Check ☐ if there are workplaces on file that are not identified here.

Catholic Medical Center From: 7/1/13 To: 6/30/15
 (Contractor Name) (Period Covered by this Certification)

Joseph Pope, MD President + CEO
 (Name & Title of Authorized Contractor Representative)

[Signature] 4/18/13
 (Contractor Representative Signature) (Date)

Contractor Initials: [Signature]
 Date: 4/18/13

NH Department of Health and Human Services

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: _____ through _____

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-1.)
- (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 not less than \$10,000 and not more than \$100,000 for each such failure.


 (Contractor Representative Signature)

Joseph Pepe, MD President & CEO
 (Authorized Contractor Representative Name & Title)

Catholic Medical Center
 (Contractor Name)

4/18/13
 (Date)

Contractor Initials: 

Date: 4/18/13

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: 

Date: 4/18/13

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 (1)(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).

Contractor Initials: 

Date: 4/18/13

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)

Joseph Pepe, MD President & CEO
(Authorized Contractor Representative Name & Title)

Catholic Medical Center
(Contractor Name)

4/18/13
(Date)

Contractor Initials: 

Date: 4/18/13

NH Department of Health and Human Services

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:

1. By signing and submitting this proposal (contract) the Contractor agrees to make reasonable efforts to comply with all applicable provisions of the Americans with Disabilities Act of 1990.


(Contractor Representative Signature)

Joseph Pepe, MD President & CEO
(Authorized Contractor Representative Name & Title)

Catholic Medical Center
(Contractor Name)

4/18/13
(Date)

NH Department of Health and Human Services

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:

1. By signing and submitting this contract, the Contractor agrees to make reasonable efforts to comply with all applicable provisions of Public Law 103-227, Part C, known as the Pro-Children Act of 1994.


(Contractor Representative Signature)

Joseph Pepe, MD President & CEO
(Authorized Contractor Representative Name & Title)

Catholic Medical Center
(Contractor Name)

4/18/13
(Date)

NH Department of Health and Human Services

STANDARD EXHIBIT I
HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY 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 Title 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. "Data Aggregation" 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.
- g. "HITECH Act" means the Health Information Technology for Economic and Clinical Health Act, Title XIII, 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.

- 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.
- l. "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.

- 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.

(5) Termination for Cause

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. Definitions and Regulatory References. 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. Amendment. 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. Data Ownership. 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. Interpretation. 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. Segregation. 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. Survival. 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 Dept of Health and Human Services
Division for Children, Youth and Families
The State Agency Name

Catholic Medical Center
Name of the Contractor

Maggie Bishop (AES)
Signature of Authorized Representative

[Signature]
Signature of Authorized Representative

Maggie Bishop
Name of Authorized Representative

Joseph Pepe, MD
Name of Authorized Representative

Director
Title of Authorized Representative

President & CEO
Title of Authorized Representative

04/19/2013
Date

4/18/13
Date

NH Department of Health and Human Services

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)

(Authorized Contractor Representative Name & Title)

Catholic Medical Center

4/18/13

(Contractor Name)

(Date)

Contractor initials: JP

Date: 4/18/13

Page # _____ of Page # _____

NH Department of Health and Human Services

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 entity is:

82-702-1382

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, loans, grants, sub-grants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

☒ NO

☐ YES

If the answer to #2 above is NO, stop here

If the answer to #2 above is YES, please answer the following:

3. Does the public have access to information about the compensation of the executives in your business or organization through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986?

☐ NO

☐ YES

If the answer to #3 above is YES, stop here

If the answer to #3 above is NO, please answer the following:

4. The names and compensation of the five most highly compensated officers in your business or organization are as follows:

Name: _____

Amount: _____

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