



Jeffrey A. Meyers  
Commissioner

Marcella J. Bobinsky  
Acting Director

STATE OF NEW HAMPSHIRE

DEPARTMENT OF HEALTH AND HUMAN SERVICES

29 HAZEN DRIVE, CONCORD, NH 03301-6503  
603-271-4612 1-800-852-3345 Ext. 4612  
Fax: 603-271-4827 TDD Access: 1-800-735-2964

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June 30, 2016

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

**REQUESTED ACTION**

Authorize the Department of Health and Human Services, Division of Public Health Services to enter into **sole source** agreements with the vendors listed in the table below to provide analytical specialty laboratory testing services. No maximum service volume is guaranteed. The price limitation amongst all contracts is \$250,000 for State Fiscal Year 2017, effective upon Governor and Executive Council approval, through June 30, 2017. 100% General Funds.

Vendor	Address	Vendor Number
Health Research, Inc.	Riverview Center 150 Broadway, Suite 560 Menands, NY 12204-2719	TBD
HCA Health Services of New Hampshire, Inc., d/b/a Portsmouth Regional Hospital	330 Borthwick Ave #112 Portsmouth, NH 03801	TBD
Southern New Hampshire Medical Services	8 Prospect Street Nashua, NH 03061	TBD

Funds are available in the following accounts for State Fiscal Year 2017.

**05-095-010-090-51700000 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS: DIVISION OF PUBLIC HEALTH, BUREAU OF INFECTIOUS DISEASE CONTROL, DISEASE CONTROL**

Class	Title	Activity Code	Amount
547-500395	Disease Control Emergencies	90027022	\$100,000
546-500390	Patient Care	90027022	\$40,000
<b>Subtotal:</b>			<b>\$140,000</b>

**05-095-010-090-52620000 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS: DIVISION OF PUBLIC HEALTH, BUREAU OF INFORMATICS, INFORMATICS AND HEALTH STATISTICS**

<b>Class</b>	<b>Title</b>	<b>Activity Code</b>	<b>Amount</b>
102-500731	Contracts for Program Services	90027022	\$15,000
<b>Subtotal:</b>			<b>\$15,000</b>

**05-95-010-090-79660000 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS: DIVISION OF PUBLIC HEALTH, BUREAU OF BUREAU OF LABORATORY SERVICES, PUBLIC HEALTH LABORATORIES**

<b>Class</b>	<b>Title</b>	<b>Activity Code</b>	<b>Amount</b>
102-500731	Contracts for Program Services	90027022	\$95,000
<b>Subtotal:</b>			<b>\$95,000</b>
<b>Contracts Total:</b>			<b>\$250,000</b>

**EXPLANATION**

These agreements are **sole source** because HCA Health Services of New Hampshire, Inc., d/b/a Portsmouth Regional Hospital and Southern New Hampshire Medical Services are located in the communities where blood testing is being offered. These hospitals have the controlled environments that are needed in order to conduct phlebotomy services without exposing blood samples to excessive plastics that could otherwise contaminate the testing process. Health Research, Inc., the testing laboratory, has the ability, capacity and technical expertise necessary to conduct the testing services in measuring perfluorochemicals in human serum. This is highly specialized testing. These laboratories have the capability to measure the perfluorochemicals of interest and the capacity to analyze the large volume of tests required.

The purpose of these agreements is to conduct analytical laboratory testing services to measure perfluorochemicals (PFC) in human serum collected as a result of potential exposure to PFC contaminated drinking water at the Pease Tradeport and in identified municipalities in southern New Hampshire. Southern New Hampshire Medical Center and Portsmouth Regional Hospital provide blood drawing and processing services in four and three locations, respectively, for residents taking part in the voluntary blood testing program. The Department is reopening blood testing for individuals possibly affected by contaminated water at the Pease Tradeport discovered in the Spring of 2015 who did not participate in the blood testing program last summer and still desire to do so. The Department is also offering blood testing services to individuals impacted by the recent discovery of contaminated well water in the southern New Hampshire towns of Merrimack, Manchester, Litchfield, Amherst, and Bedford. At this time, the Department has identified approximately six hundred (600) households as eligible for testing. Testing is being offered to individuals who live near homes with private water well contamination.

This package contains two (2) of the three (3) agreements for 'PFC Exposure Testing Services.' The Department anticipates the final contract will be presented to the Governor and Executive Council in August.

Perfluorochemicals are a group of chemicals used to make fluoropolymer coatings and products that resist heat, oil, stains, grease, and water. They were also an ingredient in fire-fighting foam used at the Pease Tradeport. Fluoropolymer coatings can be used in products such as clothing, furniture, adhesives, food packaging, heat resistant non-stick cooking surfaces, and the insulation of electrical wire. Many chemicals in this group are a concern as they are slow to break down in the environment and can accumulate in human tissues. Scientific studies are ongoing to better understand what if any health effects are associated with PFC exposure.

The Department identified two hospitals and one laboratory with the technical capability and combined capacity to assist in the testing and analysis of human serum. The two hospitals and one laboratory were contacted and contracts were negotiated.

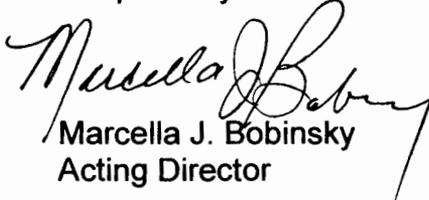
These contracts contain language that reserves the Department's right to renew each of the contracts for up to two years subject to the continued availability of funds, satisfactory performance of services and approval by the Governor and Executive Council, should the Department continue to have a need for these specialized services.

Should the Governor and Executive Council determine not to approve this request, then the New Hampshire Division of Public Health Services will not have access to PFC exposure information for the Pease Tradeport and southern New Hampshire affected populations, which will result in affected community members not receiving their expected individual test results.

Area Served: Statewide

Source of Funds: 100% General

Respectfully submitted

  
Marcella J. Bobinsky  
Acting Director

Approved by:   
 Jeffrey A. Meyers  
Commissioner

Subject: PFC Exposure Testing Services - Phlebotomy & Speciment Processing Services (SS-2017-DPHS-10-Ports)

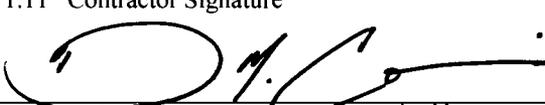
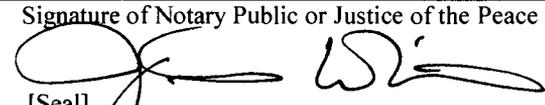
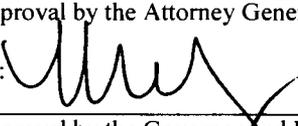
**Notice:** This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

**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		1.2 State Agency Address 129 Pleasant Street Concord, NH 03301-3857	
1.3 Contractor Name HCA Health Services of New Hampshire, Inc. d/b/a Portsmouth Regional Hospital		1.4 Contractor Address 333 Borthwick Avenue Portsmouth, NH 03801	
1.5 Contractor Phone Number (603) 577-2713	1.6 Account Number 010-090-51700000-500390 010-090-51700000-500395 010-090-52620000-500731 010-090-79660000-500731	1.7 Completion Date June 30, 2017	1.8 Price Limitation \$250,000
1.9 Contracting Officer for State Agency Eric D. Borrin, Director		1.10 State Agency Telephone Number 603-271-9558	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory DEAN M. CARUCCI, CEO	
1.13 Acknowledgement: State of <u>NH</u> , County of <u>Rockingham</u>  On <u>6/27/2016</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.			
1.13.1 Signature of Notary Public or Justice of the Peace  [Seal] <b>JILL C. WHITE, Commissioner of Courts</b> by Commission Expires February 8, 2018			
1.13.2 Name and Title of Notary or Justice of the Peace			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory Marilee Nihan Deputy Commissioner	
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) (if applicable)  By:  On: <u>Megan A. York - Attorney</u> <u>7/7/16</u>			
1.18 Approval by the Governor and Executive Council (if applicable)  By: _____ On: _____			

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

**3. EFFECTIVE DATE/COMPLETION OF SERVICES.**

3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, if applicable, this Agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Executive Council approve this Agreement as indicated in block 1.18, unless no such approval is required, in which case the Agreement shall become effective on the date the Agreement is signed by the State Agency as shown in block 1.14 (“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. This may include the requirement to utilize auxiliary aids and services to ensure that persons with communication disabilities, including vision, hearing and speech, can communicate with, receive information from, and convey information to the Contractor. 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.

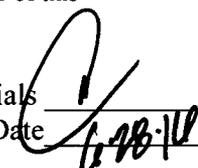
**7. PERSONNEL.**

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

Contractor Initials

Date

Handwritten signature and date: 6/18/12

Agreement. This provision shall survive termination of this Agreement.

7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

#### 8. EVENT OF DEFAULT/REMEDIES.

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

8.1.1 failure to perform the Services satisfactorily or on schedule;

8.1.2 failure to submit any report required hereunder; and/or

8.1.3 failure to perform any other covenant, term or condition of this Agreement.

8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;

8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State 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, formulae, 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 notice and consent of the State. None of the Services shall be subcontracted by the Contractor without the prior written notice and 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 \$1,000,000 per occurrence and \$2,000,000 aggregate; and

14.1.2 special cause of loss coverage form 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 thirty (30) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than thirty (30) 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 unless no

such approval is required under the circumstances pursuant to State law, rule or policy.

**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.

Contractor Initials   
Date 10-20-10



## Exhibit A Scope of Services

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### 1. Provisions Applicable to All Services

- 1.1. The Contractor agrees that, to the extent future legislative action by the New Hampshire General Court or federal or state court orders may have an impact on the Services described herein, the State Agency has the right to modify Service priorities and expenditure requirements under this Agreement so as to achieve compliance therewith.

### 2. Scope of Services

- 2.1. The Contractor shall conduct phlebotomy and specimen processing services related to collection of blood for the analysis of perfluorochemicals (PFC) in human serum. The Contractor shall:
  - 2.1.1. Ensure Standard Operating Procedures (SOPs) for phlebotomy services are available to the Department, upon request.
  - 2.1.2. Utilized materials provided by the Department to process samples collected on individuals identified by the Department as eligible for testing in order to eliminate the likelihood of contamination from non-conforming materials. The Contractor shall use Department materials that include:
    - 2.1.2.1. Cryovials.
    - 2.1.2.2. Pipets.
    - 2.1.2.3. Storage boxes.
- 2.2. The Contractor shall conduct phlebotomy services on individuals identified by the Department as eligible for collecting and processing specimens, in accordance with the guidance provided by the Department. The Contractor shall:
  - 2.2.1. Collect Department-issued laboratory requisition and informed consent forms from each eligible individual.
  - 2.2.2. Collect of one (1) tube of blood from each eligible individual.
  - 2.2.3. Centrifuge the collected specimen.
  - 2.2.4. Decant the serum of each specimen into 2mL cryovials.
  - 2.2.5. Store cryovials in boxes, as supplied by the Department.
- 2.3. The Contractor shall store, package and ship specimens to the NH Public Health Laboratory. The Contractor shall:
  - 2.3.1. Freeze each specimen collected and store for weekly shipping.
  - 2.3.2. Package all collected specimens for shipping on weekly basis.
  - 2.3.3. Schedule weekly pick up of specimens with the Department, when specimens are available.
  - 2.3.4. Ensure all specimens remain frozen during the shipping process by packaging specimen on dry ice upon arrival of the Department's courier to ensure specimens do not thaw during transport.
  - 2.3.5. Ensure all laboratory requisitions and informed consent forms collected for the week accompany the specimens being shipped.

Handwritten signature and date, with the date appearing to be 11/10/16.



**Exhibit A**  
**Scope of Services**

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- 2.4. The Contractor shall ensure a weekly manifest report accompanies the samples shipped to the Department. The manifest report must include information that includes, but is not limited to the:
- 2.4.1. Name and date of birth of each individual who received phlebotomy services.
  - 2.4.2. Date that services described in Section 2, Scope of Services were provided to individuals in Section 2.3.1.
  - 2.4.3. Site at which the specimen was collected.
  - 2.4.4. Name of the phlebotomist who collected the specimen.
  - 2.4.5. Name of the person packaging the specimens for shipment.




**Exhibit B**  
**Method and Conditions Precedent to Payment**

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- 1 This agreement is funded with 100% general funds.
- 2 This Agreement is one (1) of three (3) agreements that will complete PFC Exposure Testing Services for the Department. No maximum or minimum service volume is guaranteed. Accordingly, the price limitation among all Agreements is identified in Form P-37, General Provisions, Block 1.8, Price Limitation.
- 3 The Department shall reimburse the Contractor for actual services provided in accordance with the following all-inclusive rates:
  - 3.1 \$15.00 per blood draw as described in Exhibit A, Scope of Services
  - 3.2 \$30.00 per specimen processing and packaging for shipping, as described in Exhibit A, Scope of Services.
- 4 Payment for said services shall be made as follows:
  - 4.1 The Contractor shall submit monthly invoices for services provided in the previous month no later than the 10<sup>th</sup> day of the month for services specified in Exhibit A, Scope of Services at the rate specified in Paragraph 3, above, which shall include:
    - 4.1.1 The total number of blood tests conducted in the previous month.
    - 4.1.2 The total number of specimen processing and packaging services conducted in the previous month.
  - 4.2 The Contractor shall submit monthly invoices to:  
Financial Manager  
129 Pleasant Street  
Concord, NH 03301  
  
E-mail: [dphscontractbilling@dhhs.state.nh.us](mailto:dphscontractbilling@dhhs.state.nh.us)
  - 4.3 Payment shall be made by the Department subsequent to the approval of submitted invoices, if sufficient funds are available, within 30 days of receiving invoices.
- 5 A final payment request shall be submitted no later than forty (40) days from the Form P37, General Provisions, Contract Completion Date, Block 1.7.
- 6 Notwithstanding anything to the contrary herein, the Contractor agrees that payment under this agreement may be withheld, in whole or in part, in the event of noncompliance with any Federal or State law, rule or regulation applicable to the services provided, or if the said services have not been satisfactorily completed in accordance with the terms and conditions of this Agreement.

Handwritten signature and date in black ink.



**SPECIAL PROVISIONS**

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:

1. **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.
2. **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.
3. **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.
4. **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.
5. **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.
6. **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.
7. **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 Contractors 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:
  - 7.1. Renegotiate the rates for payment hereunder, in which event new rates shall be established;
  - 7.2. Deduct from any future payment to the Contractor the amount of any prior reimbursement in excess of costs;

*[Handwritten Signature]*  
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*[Handwritten Signature]*  
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- 7.3. 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:

8. **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:
- 8.1. **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.
- 8.2. **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.
- 8.3. **Medical Records:** Where appropriate and as prescribed by the Department regulations, the Contractor shall retain medical records on each patient/recipient of services.
9. **Audit:** Contractor shall submit an annual audit to the Department within 60 days after the close of the agency 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.
- 9.1. **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.
- 9.2. **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.
10. **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.

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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.

11. **Reports: Fiscal and Statistical:** The Contractor agrees to submit the following reports at the following times if requested by the Department.
  - 11.1. **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.
  - 11.2. **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.
  
12. **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.
  
13. **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:
  - 13.1. 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.
  
14. **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.
  
15. **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.
  
16. **Equal Employment Opportunity Plan (EEO):** The Contractor will provide an Equal Employment Opportunity Plan (EEO) to the Office for Civil Rights, Office of Justice Programs (OCR), if it has received a single award of \$500,000 or more. If the recipient receives \$25,000 or more and has 50 or

*[Handwritten signature]*  
Date *6/27/14*



more employees, it will maintain a current EEOP on file and submit an EEOP Certification Form to the OCR, certifying that its EEOP is on file. For recipients receiving less than \$25,000, or public grantees with fewer than 50 employees, regardless of the amount of the award, the recipient will provide an EEOP Certification Form to the OCR certifying it is not required to submit or maintain an EEOP. Non-profit organizations, Indian Tribes, and medical and educational institutions are exempt from the EEOP requirement, but are required to submit a certification form to the OCR to claim the exemption. EEOP Certification Forms are available at: <http://www.ojp.usdoj/about/ocr/pdfs/cert.pdf>.

17. **Limited English Proficiency (LEP):** As clarified by Executive Order 13166, Improving Access to Services for persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination on the basis of limited English proficiency (LEP). To ensure compliance with the Omnibus Crime Control and Safe Streets Act of 1968 and Title VI of the Civil Rights Act of 1964, Contractors must take reasonable steps to ensure that LEP persons have meaningful access to its programs.
18. **Pilot Program for Enhancement of Contractor Employee Whistleblower Protections:** The following shall apply to all contracts that exceed the Simplified Acquisition Threshold as defined in 48 CFR 2.101 (currently, \$150,000)

CONTRACTOR EMPLOYEE WHISTLEBLOWER RIGHTS AND REQUIREMENT TO INFORM EMPLOYEES OF WHISTLEBLOWER RIGHTS (SEP 2013)

- (a) This contract and employees working on this contract will be subject to the whistleblower rights and remedies in the pilot program on Contractor employee whistleblower protections established at 41 U.S.C. 4712 by section 828 of the National Defense Authorization Act for Fiscal Year 2013 (Pub. L. 112-239) and FAR 3.908.
- (b) The Contractor shall inform its employees in writing, in the predominant language of the workforce, of employee whistleblower rights and protections under 41 U.S.C. 4712, as described in section 3.908 of the Federal Acquisition Regulation.
- (c) The Contractor shall insert the substance of this clause, including this paragraph (c), in all subcontracts over the simplified acquisition threshold.

19. **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:

- 19.1. Evaluate the prospective subcontractor's ability to perform the activities, before delegating the function
- 19.2. 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
- 19.3. Monitor the subcontractor's performance on an ongoing basis

  
Date 10-28-14



- 19.4. Provide to DHHS an annual schedule identifying all subcontractors, delegated functions and responsibilities, and when the subcontractor's performance will be reviewed
- 19.5. DHHS shall, at its discretion, review and approve all subcontracts.

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

#### 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.

**FINANCIAL MANAGEMENT GUIDELINES:** Shall mean that section of the Contractor Manual which is entitled "Financial Management Guidelines" and which contains the regulations governing the financial activities of contractor agencies which have contracted with the State of NH to receive funds.

**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.

**CONTRACTOR MANUAL:** Shall mean that document prepared by the NH Department of Administrative Services containing a compilation of all regulations promulgated pursuant to the New Hampshire Administrative Procedures Act. NH RSA Ch 541-A, for the purpose of implementing State of NH and federal regulations promulgated thereunder.

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

*[Handwritten Signature]*  
Date *10.18.16*



**REVISIONS TO GENERAL PROVISIONS**

1. Subparagraph 4 of the General Provisions of this contract, Conditional Nature of Agreement, is replaced as follows:

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, in whole or in part, under this Agreement are contingent upon continued appropriation or availability of funds, including any subsequent changes to the appropriation or availability of funds affected by any state or federal legislative or executive action that reduces, eliminates, or otherwise modifies the appropriation or availability of funding for this Agreement and the Scope of Services provided in Exhibit A, Scope of Services, in whole or in part. In no event shall the State be liable for any payments hereunder in excess of appropriated or available funds. In the event of a reduction, termination or modification of appropriated or available funds, the State shall have the right to withhold payment until such funds become available, if ever. The State shall have the right to reduce, terminate or modify services under this Agreement immediately upon giving the Contractor notice of such reduction, termination or modification. The State shall not be required to transfer funds from any other source or account into the Account(s) identified in block 1.6 of the General Provisions, Account Number, or any other account, in the event funds are reduced or unavailable.

2. Subparagraph 10 of the General Provisions of this contract, Termination, is amended by adding the following language:

10.1 The State may terminate the Agreement at any time for any reason, at the sole discretion of the State, 30 days after giving the Contractor written notice that the State is exercising its option to terminate the Agreement.

10.2 In the event of early termination, the Contractor shall, within 15 days of notice of early termination, develop and submit to the State a Transition Plan for services under the Agreement, including but not limited to, identifying the present and future needs of clients receiving services under the Agreement and establishes a process to meet those needs.

10.3 The Contractor shall fully cooperate with the State and shall promptly provide detailed information to support the Transition Plan including, but not limited to, any information or data requested by the State related to the termination of the Agreement and Transition Plan and shall provide ongoing communication and revisions of the Transition Plan to the State as requested.

10.4 In the event that services under the Agreement, including but not limited to clients receiving services under the Agreement are transitioned to having services delivered by another entity including contracted providers or the State, the Contractor shall provide a process for uninterrupted delivery of services in the Transition Plan.

10.5 The Contractor shall establish a method of notifying clients and other affected individuals about the transition. The Contractor shall include the proposed communications in its Transition Plan submitted to the State as described above.

3. Subparagraph 14 of the General Provisions of this contract, Insurance, is hereby deleted in its entirety and replaced with:

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 \$1,000,000 per occurrence and \$2,000,000 aggregate; and

Handwritten signature and date: 6-10-14



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- 14.1. property insurance coverage from 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 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 under this Agreement. The insurer shall endeavor to provide at least a thirty (30) day notice prior to cancellation or adverse material change of the policy.
4. The Division reserves the right to renew the Contract for up to two additional years, subject to the continued availability of funds, satisfactory performance of services and approval by the Governor and Executive Council.

  
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**CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS**

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

**ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS**

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

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

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

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

Date 11-18-11



- 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.

Contractor Name:

0.18.16  
Date

[Signature]  
Name:  
Title: CEO

Contractor Initials [Signature]  
Date 0.18.16



**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

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

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

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

Contractor Name:

6-10-16  
Date

[Signature]  
Name:  
Title: CEO

Exhibit E – Certification Regarding Lobbying

Contractor Initials [Signature]  
Date 6-10-16



**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.
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

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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**

11. The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
  - 11.1. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
  - 11.2. 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;
  - 11.3. are not presently indicted for otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (I)(b) of this certification; and
  - 11.4. 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.
12. Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal (contract).

**LOWER TIER COVERED TRANSACTIONS**

13. 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:
  - 13.1. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.
  - 13.2. 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).
14. 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 Name:

6-23-14  
Date

D. A. Co.  
Name:  
Title: CEO

Contractor Initials

Date

DC  
6-23-14



**CERTIFICATION OF COMPLIANCE WITH REQUIREMENTS PERTAINING TO  
FEDERAL NONDISCRIMINATION, EQUAL TREATMENT OF FAITH-BASED ORGANIZATIONS AND  
WHISTLEBLOWER PROTECTIONS**

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:

Contractor will comply, and will require any subgrantees or subcontractors to comply, with any applicable federal nondiscrimination requirements, which may include:

- the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. Section 3789d) which prohibits recipients of federal funding under this statute from discriminating, either in employment practices or in the delivery of services or benefits, on the basis of race, color, religion, national origin, and sex. The Act requires certain recipients to produce an Equal Employment Opportunity Plan;
- the Juvenile Justice Delinquency Prevention Act of 2002 (42 U.S.C. Section 5672(b)) which adopts by reference, the civil rights obligations of the Safe Streets Act. Recipients of federal funding under this statute are prohibited from discriminating, either in employment practices or in the delivery of services or benefits, on the basis of race, color, religion, national origin, and sex. The Act includes Equal Employment Opportunity Plan requirements;
- the Civil Rights Act of 1964 (42 U.S.C. Section 2000d, which prohibits recipients of federal financial assistance from discriminating on the basis of race, color, or national origin in any program or activity);
- the Rehabilitation Act of 1973 (29 U.S.C. Section 794), which prohibits recipients of Federal financial assistance from discriminating on the basis of disability, in regard to employment and the delivery of services or benefits, in any program or activity;
- the Americans with Disabilities Act of 1990 (42 U.S.C. Sections 12131-34), which prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, State and local government services, public accommodations, commercial facilities, and transportation;
- the Education Amendments of 1972 (20 U.S.C. Sections 1681, 1683, 1685-86), which prohibits discrimination on the basis of sex in federally assisted education programs;
- the Age Discrimination Act of 1975 (42 U.S.C. Sections 6106-07), which prohibits discrimination on the basis of age in programs or activities receiving Federal financial assistance. It does not include employment discrimination;
- 28 C.F.R. pt. 31 (U.S. Department of Justice Regulations – OJJDP Grant Programs); 28 C.F.R. pt. 42 (U.S. Department of Justice Regulations – Nondiscrimination; Equal Employment Opportunity; Policies and Procedures); Executive Order No. 13279 (equal protection of the laws for faith-based and community organizations); Executive Order No. 13559, which provide fundamental principles and policy-making criteria for partnerships with faith-based and neighborhood organizations;
- 28 C.F.R. pt. 38 (U.S. Department of Justice Regulations – Equal Treatment for Faith-Based Organizations); and Whistleblower protections 41 U.S.C. §4712 and The National Defense Authorization Act (NDAA) for Fiscal Year 2013 (Pub. L. 112-239, enacted January 2, 2013) the Pilot Program for Enhancement of Contract Employee Whistleblower Protections, which protects employees against reprisal for certain whistle blowing activities in connection with federal grants and contracts.

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.

Exhibit G

Certification of Compliance with requirements pertaining to Federal Nondiscrimination, Equal Treatment of Faith-Based Organizations and Whistleblower protections

Contractor Initials

  
Date 11-28-16

New Hampshire Department of Health and Human Services  
Exhibit G



In the event a Federal or State court or Federal or State administrative agency makes a finding of discrimination after a due process hearing on the grounds of race, color, religion, national origin, or sex against a recipient of funds, the recipient will forward a copy of the finding to the Office for Civil Rights, to the applicable contracting agency or division within the Department of Health and Human Services, and to the Department of Health and Human Services Office of the Ombudsman.

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 comply with the provisions indicated above.

Contractor Name:

6-20-14  
Date

[Signature]  
Name:  
Title: CEO

Exhibit G

Certification of Compliance with requirements pertaining to Federal Nondiscrimination, Equal Treatment of Faith-Based Organizations and Whistleblower protections

Contractor Initials

[Signature]

Date 6-20-14



**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 Name:

6-18-14  
Date

[Signature]  
Name:  
Title:  
CEO

Contractor Initials [Signature]  
Date 6-18-14



Exhibit I

**HEALTH INSURANCE PORTABILITY 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 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.

**(1) Definitions.**

- a. "Breach" shall have the same meaning as the term "Breach" in section 164.402 of Title 45, Code of Federal Regulations.
- 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 and amendments thereto.
- i. "Individual" shall have the same meaning as the term "individual" in 45 CFR Section 160.103 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 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity.

Handwritten signature and date: 6.19.14



Exhibit I

- I. “Required by Law” shall have the same meaning as the term “required by law” in 45 CFR Section 164.103.
- 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, 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.
- 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) **Business Associate 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, Business Associate, including but not limited to all its directors, officers, employees and agents, shall 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 HIPAA Privacy, Security, and Breach Notification Rules 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

*[Handwritten Signature]*  
Date *02-18-14*



Exhibit I

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. The Business Associate shall notify the Covered Entity's Privacy Officer immediately after the Business Associate becomes aware of any use or disclosure of protected health information not provided for by the Agreement including breaches of unsecured protected health information and/or any security incident that may have an impact on the protected health information of the Covered Entity.
- b. The Business Associate shall immediately perform a risk assessment when it becomes aware of any of the above situations. The risk assessment shall include, but not be limited to:
  - o The nature and extent of the protected health information involved, including the types of identifiers and the likelihood of re-identification;
  - o The unauthorized person used the protected health information or to whom the disclosure was made;
  - o Whether the protected health information was actually acquired or viewed
  - o The extent to which the risk to the protected health information has been mitigated.

The Business Associate shall complete the risk assessment within 48 hours of the breach and immediately report the findings of the risk assessment in writing to the Covered Entity.

- c. The Business Associate shall comply with all sections of the Privacy, Security, and Breach Notification Rule.
- d. 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.
- e. 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 (l). 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

*[Handwritten signature]*  
*[Handwritten date: 6-18-14]*



Exhibit I

- pursuant to this Agreement, with rights of enforcement and indemnification from such business associates who shall be governed by standard Paragraph #13 of the standard contract provisions (P-37) of this Agreement for the purpose of use and disclosure of protected health information.
- f. 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.
  - g. 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.
  - h. 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.
  - i. 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.
  - j. 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.
  - k. 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.
  - l. 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

*[Handwritten Signature]*  
Date 4-18-16



Exhibit I

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 Paragraph 10 of the standard terms and conditions (P-37) 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, 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.

  
Date 12-18-14



Exhibit I

- 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) I, the defense and indemnification provisions of section (3) e and Paragraph 13 of the standard terms and conditions (P-37), shall survive the termination of the Agreement.

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

DHHS  
The State

Mailee Nihan  
Signature of Authorized Representative

Mailee Nihan  
Name of Authorized Representative

Deputy Commissioner  
Title of Authorized Representative

7/6/16  
Date

HCA HEALTH SERVICES OF NH  
Name of the Contractor

[Signature]  
Signature of Authorized Representative

DEAN M. CARUCCI  
Name of Authorized Representative

CEO  
Title of Authorized Representative

6.28.16  
Date

PORTSMOUTH REGIONAL HOSPITAL

Contractor Initials [Signature]  
Date 6.28.16



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

**RESERVED**

Contractor Initials

Date

*[Handwritten Signature]*  
*[Handwritten Date: 6-28-10]*

# 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 HCA HEALTH SERVICES OF NEW HAMPSHIRE, INC. is a New Hampshire corporation duly incorporated under the laws of the State of New Hampshire on April 19, 1982. I further certify that all fees and annual reports required by the Secretary of State's office have been received and that articles of dissolution have not been filed.



In TESTIMONY WHEREOF, I hereto  
set my hand and cause to be affixed  
the Seal of the State of New Hampshire,  
this 6<sup>th</sup> day of July, A.D. 2016

A handwritten signature in cursive script, appearing to read "William M. Gardner".

William M. Gardner  
Secretary of State

**INCUMBENCY CERTIFICATE**

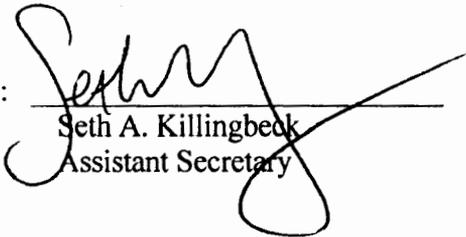
**HCA Health Services of New Hampshire, Inc.**

The undersigned, being duly elected and acting as Assistant Secretary of HCA Health Services of New Hampshire, Inc., a New Hampshire corporation (the "Company"), does hereby certify that the person listed below is (and has been since August 13, 2015) a duly authorized officer of the Company in the capacity set forth opposite his name and that he has (and has had since August 13, 2015) proper corporate power and authority to execute and deliver documents and to take other actions on behalf of the Company:

Dean Carucci

Vice President

I hereby attest that this information is true and correct and remains in full force and effect as of this 1st day of July, 2016.

By:   
Seth A. Killingbeck  
Assistant Secretary



Health Care Indemnity, Inc.  
 P.O. Box 555  
 Nashville, TN 37202-0555  
 Phone: 615/344-5193  
 Fax: 855-775-0393  
 Email: Corp.Insurance@HCAHealthcare.com

### Certificate of Insurance

Date: 06/30/2016

COI#: 40332-2016

*This is to certify to:*  
 (Name of Certificate Holder)

State of New Hampshire  
 Department of Health & Human Services  
 129 Pleasant Street  
 Concord, NH 03301

that the described insurance coverages as provided by the indicated policy has been issued to:

Named Insured:  
 Address:

HCA HOLDINGS, INC. AND SUBSIDIARY ORGANIZATIONS  
 EXISTING NOW OR HEREAFTER CREATED OR ACQUIRED  
 ONE PARK PLAZA  
 NASHVILLE, TN 37202-0550

The Policy identified below by a policy number is in force on the date of Certificate issuance. Insurance is afforded only with respect to those coverages for which a specific limit of liability has been entered and is subject to all the terms of the Policy having reference thereto. This Certificate of Insurance neither affirmatively nor negatively amends, extends or alters the coverage afforded under any policy identified herein.

POLICY NO.	POLICY PERIOD
HCI-10116	Effective: 1/1/2016 Expiration: 1/1/2017

TYPE OF INSURANCE	LIMITS OF LIABILITY	
Comprehensive General Liability - • Occurrence Form • Bodily Injury • Property Damage • Products and Completed Operations • Personal and Advertising Injury	\$1,000,000	Each and Every Occurrence
	\$2,000,000	Aggregate
Health Care Professional Liability Occurrence Form	\$0 None	Each and Every Occurrence Aggregate

**SPECIAL CONDITIONS/OTHER COVERAGES:**

The Named Insured Includes: Portsmouth Regional Hospital COID: 32902

Contingent upon signature and execution of the Contract for PFC Testing Services - Phlebotomy & Speciment Processing Services (SS-2017-DPHS-10-Ports)

Cancellation: Should any of the above described policies be canceled before the expiration date thereof, the issuing company will endeavor to mail ninety days written notice to the above named certificate holder, but failure to mail such notice shall impose no obligation or liability of any kind upon the company.

  
 Authorized Signature



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

6/30/2016

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).

<b>PRODUCER</b> Beecher Carlson Insurance Services 6 Cadillac Drive, Suite 320 Brentwood, TN 37027  www.beechercarlson.com	<b>CONTACT NAME:</b> Beecher Carlson Insurance Services <b>PHONE (A/C, No, Ext):</b> 615-277-9840 <b>E-MAIL ADDRESS:</b> <b>FAX (A/C, No):</b> 615-277-9879													
	<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A: ACE American Insurance Company</td> <td>22667</td> </tr> <tr> <td>INSURER B: Agri General Insurance Company</td> <td>42757</td> </tr> <tr> <td>INSURER C: ACE Fire Underwriters Insurance Company</td> <td>20702</td> </tr> <tr> <td>INSURER D: Indemnity Insurance Company of North America</td> <td>43575</td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </tbody> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: ACE American Insurance Company	22667	INSURER B: Agri General Insurance Company	42757	INSURER C: ACE Fire Underwriters Insurance Company	20702	INSURER D: Indemnity Insurance Company of North America	43575	INSURER E:		INSURER F:
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INSURER E:														
INSURER F:														

**COVERAGES**      **CERTIFICATE NUMBER:** 30701321      **REVISION NUMBER:**

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	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	<b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:					EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COM/POP AGG \$ \$
A	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY		ISA H08867422	1/1/2016	1/1/2017	COMBINED SINGLE LIMIT (Ea accident) \$ 7,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED    RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$
D A B C	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> 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    N/A	WLR C48600001 (AOS) WLR C48599989 (CA & MA) WLR C48600025 (TN) SCF C48599990 (WI)	1/1/2016	1/1/2017	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 5,000,000 E.L. DISEASE - EA EMPLOYEE \$ 5,000,000 E.L. DISEASE - POLICY LIMIT \$ 5,000,000

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

COID & Facility Name: 32902 - Portsmouth Regional Hospital  
 Contingent upon signature and execution of the Contract for PFC Testing Services - Phlebotomy & Speciment Processing Services (SS-2017-DPHS-10-Ports)

<b>CERTIFICATE HOLDER</b>  State of New Hampshire Department of Health & Human Services 129 Pleasant Street Concord NH 03301	<b>CANCELLATION</b>  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  Sharon D. Brainard
---	--

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ACORD 25 (2016/03)      The ACORD name and logo are registered marks of ACORD

Subject: PFC Exposure Testing Services - Phlebotomy & Specimen Processing Services (SS-2017-DPHS-11-South)

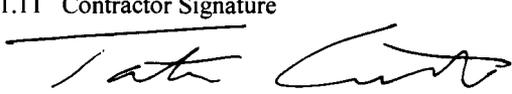
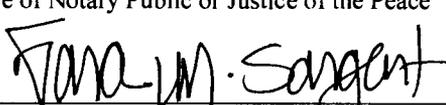
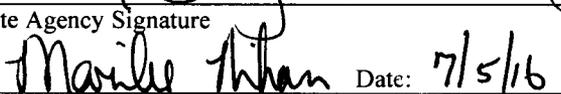
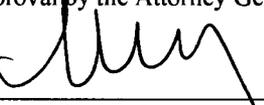
**Notice:** This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

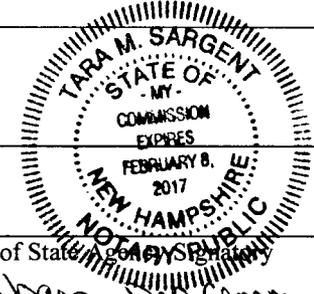
**AGREEMENT**

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		1.2 State Agency Address 129 Pleasant Street Concord, NH 03301-3857	
1.3 Contractor Name Southern New Hampshire Medical Center		1.4 Contractor Address 8 Prospect Street Nashua, NH 03060	
1.5 Contractor Phone Number (603) 577-2713	1.6 Account Number 010-090-51700000-500390 010-090-51700000-500395 010-090-52620000-500731 010-090-79660000-500731	1.7 Completion Date June 30, 2017	1.8 Price Limitation \$250,000
1.9 Contracting Officer for State Agency Eric D. Borrin, Director		1.10 State Agency Telephone Number 603-271-9558	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory TATE CURRI Chief Operating Officer	
1.13 Acknowledgement: State of <u>New Hampshire</u> County of <u>Hillsborough</u> On <u>June 30, 2016</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.			
1.13.1 Signature of Notary Public or Justice of the Peace [Seal] 			
1.13.2 Name and Title of Notary or Justice of the Peace Tara M. Sargent - Paralegal			
1.14 State Agency Signature  Date: <u>7/5/16</u>		1.15 Name and Title of State Agency Signatory Marilee Nihan Dep Comm	
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) (if applicable) By:  On: <u>Megan Yada - Attorney</u> <u>7/7/16</u>			
1.18 Approval by the Governor and Executive Council (if applicable) By: _____ On: _____			



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

**3. EFFECTIVE DATE/COMPLETION OF SERVICES.**

3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, if applicable, this Agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Executive Council approve this Agreement as indicated in block 1.18, unless no such approval is required, in which case the Agreement shall become effective on the date the Agreement is signed by the State Agency as shown in block 1.14 ("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. This may include the requirement to utilize auxiliary aids and services to ensure that persons with communication disabilities, including vision, hearing and speech, can communicate with, receive information from, and convey information to the Contractor. In addition, the Contractor shall comply with all applicable copyright laws.

6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.

6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

**7. PERSONNEL.**

7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.

7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this

Agreement. This provision shall survive termination of this Agreement.

7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

## 8. EVENT OF DEFAULT/REMEDIES.

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

8.1.1 failure to perform the Services satisfactorily or on schedule;

8.1.2 failure to submit any report required hereunder; and/or

8.1.3 failure to perform any other covenant, term or condition of this Agreement.

8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;

8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State 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, formulae, 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 notice and consent of the State. None of the Services shall be subcontracted by the Contractor without the prior written notice and 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 \$1,000,000 per occurrence and \$2,000,000 aggregate; and

14.1.2 special cause of loss coverage form 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 thirty (30) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than thirty (30) 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 unless no

such approval is required under the circumstances pursuant to State law, rule or policy.

**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

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### 1. Provisions Applicable to All Services

- 1.1. The Contractor agrees that, to the extent future legislative action by the New Hampshire General Court or federal or state court orders may have an impact on the Services described herein, the State Agency has the right to modify Service priorities and expenditure requirements under this Agreement so as to achieve compliance therewith.

### 2. Scope of Services

- 2.1. The Contractor shall conduct phlebotomy and specimen processing services related to collection of blood for the analysis of perfluorochemicals (PFC) in human serum. The Contractor shall:
  - 2.1.1. Ensure Standard Operating Procedures (SOPs) for phlebotomy services are available to the Department, upon request.
  - 2.1.2. Utilized materials provided by the Department to process samples collected on individuals identified by the Department as eligible for testing in order to eliminate the likelihood of contamination from non-conforming materials. The Contractor shall use Department materials that include:
    - 2.1.2.1. Cryovials.
    - 2.1.2.2. Pipets.
    - 2.1.2.3. Storage boxes.
- 2.2. The Contractor shall conduct phlebotomy services on individuals identified by the Department as eligible for collecting and processing specimens, in accordance with the guidance provided by the Department. The Contractor shall:
  - 2.2.1. Collect Department-issued laboratory requisition and informed consent forms from each eligible individual.
  - 2.2.2. Collect of one (1) tube of blood from each eligible individual.
  - 2.2.3. Centrifuge the collected specimen.
  - 2.2.4. Decant the serum of each specimen into 2mL cryovials.
  - 2.2.5. Store cryovials in boxes, as supplied by the Department.
- 2.3. The Contractor shall store, package and ship specimens to the NH Public Health Laboratory. The Contractor shall:
  - 2.3.1. Freeze each specimen collected and store for weekly shipping.
  - 2.3.2. Package all collected specimens for shipping on weekly basis.
  - 2.3.3. Schedule weekly pick up of specimens with the Department, when specimens are available.
  - 2.3.4. Ensure all specimens remain frozen during the shipping process by packaging specimen on dry ice upon arrival of the Department's courier to ensure specimens do not thaw during transport.
  - 2.3.5. Ensure all laboratory requisitions and informed consent forms collected for the week accompany the specimens being shipped.



**Exhibit A**  
**Scope of Services**

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- 2.4. The Contractor shall ensure a weekly manifest report accompanies the samples shipped to the Department. The manifest report must include information that includes, but is not limited to the:
- 2.4.1. Name and date of birth of each individual who received phlebotomy services.
  - 2.4.2. Date that services described in Section 2, Scope of Services were provided to individuals in Section 2.3.1.
  - 2.4.3. Site at which the specimen was collected.
  - 2.4.4. Initials of the phlebotomist who collected the specimen.
  - 2.4.5. Name of the person packaging the specimens for shipment.



**Exhibit B**  
**Method and Conditions Precedent to Payment**

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- 1 This agreement is funded with 100% general funds.
- 2 This Agreement is one (1) of three (3) agreements that will complete PFC Exposure Testing Services for the Department. No maximum or minimum service volume is guaranteed. Accordingly, the price limitation among all Agreements is identified in Form P-37, General Provisions, Block 1.8, Price Limitation.
- 3 The Department shall reimburse the Contractor for actual services provided in accordance with the following all-inclusive rates:
  - 3.1 \$15.00 per blood draw as described in Exhibit A, Scope of Services
  - 3.2 \$30.00 per specimen processing and packaging for shipping, as described in Exhibit A, Scope of Services.
- 4 Payment for said services shall be made as follows:
  - 4.1 The Contractor shall submit monthly invoices for services provided in the previous month no later than the 10<sup>th</sup> day of the month for services specified in Exhibit A, Scope of Services at the rate specified in Paragraph 3, above, which shall include:
    - 4.1.1 The total number of blood tests conducted in the previous month.
    - 4.1.2 The total number of specimen processing and packaging services conducted in the previous month.
  - 4.2 The Contractor shall submit monthly invoices to:  
Financial Manager  
129 Pleasant Street  
Concord, NH 03301  
  
E-mail: [dphscontractbilling@dhhs.state.nh.us](mailto:dphscontractbilling@dhhs.state.nh.us)
  - 4.3 Payment shall be made by the Department subsequent to the approval of submitted invoices, if sufficient funds are available, within 30 days of receiving invoices.
- 5 A final payment request shall be submitted no later than forty (40) days from the Form P37, General Provisions, Contract Completion Date, Block 1.7.
- 6 Notwithstanding anything to the contrary herein, the Contractor agrees that payment under this agreement may be withheld, in whole or in part, in the event of noncompliance with any Federal or State law, rule or regulation applicable to the services provided, or if the said services have not been satisfactorily completed in accordance with the terms and conditions of this Agreement.



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**SPECIAL PROVISIONS**

**RESERVED**



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**REVISIONS TO GENERAL PROVISIONS**

1. The Department reserves the right to renew the Contract for up to two (2) additional years, subject to the continued availability of funds, satisfactory performance of services and approval by the Governor & Executive Council.



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**CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS**

**RESERVED**

Contractor Initials JK  
Date 6/20/12



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CERTIFICATION REGARDING LOBBYING

RESERVED

Contractor Initials JK  
Date 4/20/16



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**CERTIFICATION REGARDING DEBARMENT, SUSPENSION  
AND OTHER RESPONSIBILITY MATTERS**

**RESERVED**

Contractor Initials JK  
Date 4/2/16



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**CERTIFICATION OF COMPLIANCE WITH REQUIREMENTS PERTAINING TO FEDERAL  
NONDISCRIMINATION, EQUAL TREATMENT OF FAITH-BASED ORGANIZATIONS AND  
WHISTLEBLOWER PROTECTIONS**

**RESERVED**

Contractor initials JK  
Date 9/30/16



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**CERTIFICATION REGARDING ENVIRONMENTAL TOBACCO SMOKE**

**RESERVED**



Exhibit I

**HEALTH INSURANCE PORTABILITY 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 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.

(1) **Definitions.**

- a. "**Breach**" shall have the same meaning as the term "Breach" in section 164.402 of Title 45, Code of Federal Regulations.
- 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 and amendments thereto.
- i. "**Individual**" shall have the same meaning as the term "individual" in 45 CFR Section 160.103 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 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity.

TK



Exhibit I

- i. **"Required by Law"** shall have the same meaning as the term "required by law" in 45 CFR Section 164.103.
- 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, 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.
- 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) **Business Associate 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, Business Associate, including but not limited to all its directors, officers, employees and agents, shall 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 HIPAA Privacy, Security, and Breach Notification Rules 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



Exhibit I

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. The Business Associate shall notify the Covered Entity's Privacy Officer immediately after the Business Associate becomes aware of any use or disclosure of protected health information not provided for by the Agreement including breaches of unsecured protected health information and/or any security incident that may have an impact on the protected health information of the Covered Entity.
- b. The Business Associate shall immediately perform a risk assessment when it becomes aware of any of the above situations. The risk assessment shall include, but not be limited to:
  - o The nature and extent of the protected health information involved, including the types of identifiers and the likelihood of re-identification;
  - o The unauthorized person used the protected health information or to whom the disclosure was made;
  - o Whether the protected health information was actually acquired or viewed
  - o The extent to which the risk to the protected health information has been mitigated.

The Business Associate shall complete the risk assessment within 48 hours of the breach and immediately report the findings of the risk assessment in writing to the Covered Entity.

- c. The Business Associate shall comply with all sections of the Privacy, Security, and Breach Notification Rule.
- d. 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.
- e. 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 (l). 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



Exhibit I

pursuant to this Agreement, with rights of enforcement and indemnification from such business associates who shall be governed by standard Paragraph #13 of the standard contract provisions (P-37) of this Agreement for the purpose of use and disclosure of protected health information.

- f. 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.
- g. 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.
- h. 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.
- i. 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.
- j. 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.
- k. 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.
- l. 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



Exhibit I

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 Paragraph 10 of the standard terms and conditions (P-37) 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, 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.



Exhibit I

- e. **Severability.** 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) I, the defense and indemnification provisions of section (3) e and Paragraph 13 of the standard terms and conditions (P-37), shall survive the termination of the Agreement.

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

\_\_\_\_\_  
 The State  
*Marilee Nihan*  
 Signature of Authorized Representative  
 Marilee Nihan  
 Name of Authorized Representative  
 Dep. Commissioner  
 Title of Authorized Representative  
 7/5/16  
 Date

*Southern New Hampshire Medical Center*  
 Name of the Contractor  
*Tate Curtis*  
 Signature of Authorized Representative  
 TATE CURTIS  
 Name of Authorized Representative  
 Chief Operating Officer  
 Title of Authorized Representative  
 June 30<sup>th</sup> 2016  
 Date



---

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

**RESERVED**

Contractor Initials

JL

Date

6/30/16

# 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 SOUTHERN NEW HAMPSHIRE MEDICAL CENTER is a New Hampshire nonprofit corporation formed July 12, 1995. I further certify that it is in good standing as far as this office is concerned, having filed the return(s) and paid the fees required by law.



In TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Seal of the State of New Hampshire, this 28<sup>th</sup> day of June A.D. 2016

A handwritten signature in cursive script, appearing to read "William M. Gardner".

William M. Gardner  
Secretary of State



## ADDITIONAL COVERAGE SCHEDULE

COVERAGE	LIMITS
<b>POLICY TYPE: Physicians Professional Liability</b> <b>CARRIER: ProMutual Group</b> <b>POLICY TERM: 6/1/2016 - 6/1/2017</b> <b>POLICY NUMBER: 002NH000015848</b>	<b>Claims Made</b> <b>Per Claim of Liability: \$1,000,000</b> <b>Aggregate: \$3,000,000</b>

**CERTIFICATE OF VOTE**

I, Michael Rose, do hereby certify that:  
(Name of the elected Officer of the Agency, cannot be contract signatory)

1. I am a duly elected Officer of Southern New Hampshire Medical Center  
(Agency Name)

2. The following is a true copy of the resolution duly adopted at a meeting of the Board of Directors of the Agency duly held on May 10, 2016  
(Date)

**RESOLVED:** That the Chief operating officer  
(Title of Contract Signatory)

is hereby authorized on behalf of this Agency to enter into the 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 forgoing resolutions have not been amended or revoked, and remain in full force and effect as of the 20<sup>th</sup> day of June, 2016.  
(Date Contract Signed)

4. Tate Curji is the duly elected Chief operating officer  
(Name of Contract Signatory) (Title of Contract Signatory)

of the Agency.

[Signature]  
(Signature of the Elected Officer)

STATE OF NEW HAMPSHIRE

County of Hillsborough

The forgoing instrument was acknowledged before me this 30<sup>th</sup> day of June, 2016.

By Michael Rose  
(Name of Elected Officer of the Agency)

[Signature]  
(Notary Public/Justice of the Peace)

(NOTARY SEAL)

Commission Expires: 2-8-2017





## Mission



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## Mission

Southern New Hampshire Health System is committed to improving, maintaining, and preserving the overall health and well-being of individuals living in the greater Nashua area by providing information, education, and access to exceptional health and medical care services.

### Vision

Our wealth of resources are clinically aligned and integrated into patient centered information rich systems of care that enhance satisfaction, quality and safety.

### Our Beliefs

A higher level of care means we believe in treating you the way we would like to be treated.

It starts with empathy —listening to how you feel and working to understand your needs.

It continues with respect —spending quality time to explain things.

Communication is important —we work as a team to keep each other informed about your care.

Relationships are built on trust —something that is yours to give, and that we seek to earn in everything we do.

A higher level of care is more than words. Our people make it happen every day.

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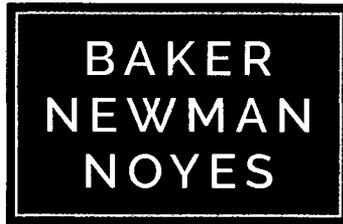
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**Southern New Hampshire  
Health System, Inc.**

Consolidated Financial Statements  
and Other Financial Information

*Years Ended September 30, 2015 and 2014  
With Independent Auditors' Report*

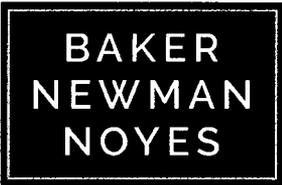
**SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

Years Ended September 30, 2015 and 2014

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**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Southern New Hampshire Health System, Inc.

We have audited the accompanying consolidated financial statements of Southern New Hampshire Health System, Inc. (the System), which comprise the consolidated balance sheets as of September 30, 2015 and 2014, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

*Management's Responsibility for the Consolidated 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 audits. We conducted our audits 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 the System as of September 30, 2015 and 2014, and the results of its operations and changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Limited Liability Company

Manchester, New Hampshire  
December 11, 2015

**SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.**

**CONSOLIDATED BALANCE SHEETS**

September 30, 2015 and 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 32,619,166	\$ 44,287,290
Accounts receivable, less allowances for doubtful accounts of \$11,728,142 in 2015 and \$14,390,225 in 2014 (notes 2 and 4)	32,610,008	30,730,791
Inventories	3,696,819	3,210,713
Prepaid expenses and other current assets	6,607,183	4,555,847
Funds held by trustee for current payment of bond principal and interest (notes 5, 7 and 12)	<u>4,235,566</u>	<u>4,184,031</u>
Total current assets	79,768,742	86,968,672
Investments (notes 5 and 12)	68,470,138	61,720,843
Assets whose use is limited (notes 5 and 12):		
Employee benefit plans and other (note 2)	22,886,679	21,720,264
Board designated and donor-restricted	<u>74,065,311</u>	<u>75,259,613</u>
	96,951,990	96,979,877
Property, plant and equipment, net (notes 6, 7 and 10)	128,186,735	128,599,026
Other assets (note 2)	9,087,560	6,953,767
Unamortized financing costs	<u>541,414</u>	<u>584,485</u>
Total assets	<u>\$383,006,579</u>	<u>\$381,806,670</u>

LIABILITIES AND NET ASSETS

	<u>2015</u>	<u>2014</u>
Current liabilities:		
Accounts payable and other accrued expenses	\$ 20,273,907	\$ 19,957,723
Accrued compensation and related taxes	23,857,277	24,166,354
Accrued interest payable	2,195,350	2,243,850
Amounts payable to third-party payors (note 3)	9,867,522	11,988,444
Current portion of long-term debt and capital lease obligations	<u>2,433,581</u>	<u>3,342,155</u>
Total current liabilities	58,627,637	61,698,526
Other liabilities (notes 2 and 8)	47,478,809	33,936,968
Long-term debt and capital lease obligations, less current portion (notes 7 and 10)	83,933,425	86,263,857
Net assets:		
Unrestricted	190,535,957	197,467,921
Temporarily restricted	65,238	73,885
Permanently restricted	<u>2,365,513</u>	<u>2,365,513</u>
	192,966,708	199,907,319
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$383,006,579</u>	<u>\$381,806,670</u>

See accompanying notes.

**SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.**

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenue:		
Net patient service revenue (net of contractual allowances and discounts) (note 3)	\$300,051,402	\$305,252,094
Provision for bad debts	<u>(13,807,580)</u>	<u>(25,293,476)</u>
Net patient service revenue less provision for bad debts	286,243,822	279,958,618
Disproportionate share hospital revenue (note 13)	4,907,627	1,615,323
Interest and dividends (note 5)	2,051,533	1,340,112
Other revenue (note 3)	<u>10,246,270</u>	<u>11,128,068</u>
Total revenue	303,449,252	294,042,121
Operating expenses (note 9):		
Salaries and wages	157,322,210	152,683,714
Employee benefits (notes 2 and 8)	27,035,675	24,184,462
Supplies and other expenses (note 10)	80,470,718	78,999,751
Depreciation and amortization	13,771,860	14,014,193
New Hampshire Medicaid enhancement tax (note 13)	10,749,745	10,349,872
Interest	<u>4,418,933</u>	<u>4,545,372</u>
Total operating expenses	<u>293,769,141</u>	<u>284,777,364</u>
Income from operations	9,680,111	9,264,757
Nonoperating (losses) gains:		
Investment return (note 5)	(4,811,065)	9,148,881
Contributions, community benefits expense and nonoperating revenues	<u>240,439</u>	<u>71,309</u>
Total nonoperating (losses) gains, net	<u>(4,570,626)</u>	<u>9,220,190</u>
Excess of revenues and nonoperating gains (losses) over expenses	5,109,485	18,484,947
Pension adjustment (note 8)	(12,135,609)	(3,447,079)
Net assets released from restriction for capital purchases	<u>94,160</u>	<u>25,000</u>
(Decrease) increase in unrestricted net assets	(6,931,964)	15,062,868
Contributions of temporarily restricted net assets	95,010	56,666
Net assets released from restriction for capital purchases	(94,160)	(25,000)
Net assets released from restriction for operations	<u>(9,497)</u>	<u>(17,563)</u>
(Decrease) increase in temporarily restricted net assets	(8,647)	14,103
Contributions of permanently restricted net assets	<u>—</u>	<u>10,000</u>
(Decrease) increase in net assets	(6,940,611)	15,086,971
Net assets at beginning of year	<u>199,907,319</u>	<u>184,820,348</u>
Net assets at end of year	<u>\$192,966,708</u>	<u>\$199,907,319</u>

See accompanying notes.

**SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating activities and net gains and losses:		
(Decrease) increase in net assets	\$ (6,940,611)	\$ 15,086,971
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities and net gains (losses):		
Net realized and unrealized losses (gains) on investments	6,996,744	(7,477,657)
Depreciation and amortization	13,771,860	14,014,193
Restricted gifts and bequests	(95,010)	(66,666)
Pension adjustment	12,135,609	3,447,079
Changes in cash from certain working capital and other items:		
Accounts receivable, net	(1,879,217)	1,404,339
Inventories, prepaid expense and other assets	(3,633,011)	2,269,689
Accounts payable, other accrued expenses and other liabilities	507,501	(2,297,165)
Accrued compensation and related taxes	(309,077)	(269,692)
Amounts payable to third-party payors	<u>(2,120,922)</u>	<u>1,836,808</u>
Net cash provided by operating activities and net gains (losses)	18,433,866	27,947,899
Investing activities:		
Purchases of property, plant and equipment, net	(13,245,717)	(16,668,686)
Increase in funds held by trustee under equipment financing and revenue bond agreements	(51,535)	(42,942)
Net purchase of investments	<u>(13,657,561)</u>	<u>(5,077,888)</u>
Net cash used by investing activities	(26,954,813)	(21,789,516)
Financing activities:		
Restricted gifts and bequests	95,010	66,666
Payment of long-term debt and capital lease obligations	<u>(3,242,187)</u>	<u>(3,228,295)</u>
Net cash used by financing activities	<u>(3,147,177)</u>	<u>(3,161,629)</u>
(Decrease) increase in cash and cash equivalents	(11,668,124)	2,996,754
Cash and cash equivalents at beginning of year	<u>44,287,290</u>	<u>41,290,536</u>
Cash and cash equivalents at end of year	<u>\$ 32,619,166</u>	<u>\$ 44,287,290</u>

See accompanying notes.

# SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

### 1. **Organization**

Southern New Hampshire Health System, Inc. is a not-for-profit entity organized under New Hampshire law to support Southern New Hampshire Medical Center (the Medical Center) and Foundation Medical Partners, Inc. (the Foundation), collectively referred to as "the System". Both the Medical Center and the Foundation are not-for-profit entities, established to provide medical services to the people of the greater Nashua area.

### 2. **Significant Accounting Policies**

#### *Principles of Consolidation*

These consolidated financial statements include the accounts of the System, which has no separate assets, liabilities, or operations other than its interests in the Medical Center and Foundation which fully eliminate in consolidation. All other 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 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for the allowance for doubtful accounts, impairment and depreciable lives of long-lived assets, insurance costs, employee benefit plans, contractual allowances, third-party payor settlements and contingencies. It is reasonably possible that actual results could differ from those estimates.

#### *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 (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 statement of operations as either net assets released from restrictions (for noncapital related items) or as net assets released from restrictions used for capital purchases (capital related items). Permanently restricted net assets have been restricted by donors to be maintained by the System in perpetuity.

Except for contributions related to capital purchases, donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

# SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

### 2. Significant Accounting Policies (Continued)

#### Performance Indicator

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 transactions are reported as nonoperating gains or losses.

The consolidated statement of operations and changes in net assets includes excess of revenues and nonoperating gains (losses) over expenses. Changes in unrestricted net assets which are excluded from excess of revenues and nonoperating gains (losses) over expenses, consistent with industry practice, include pension adjustments, net assets released from restrictions for capital purchases, and transfers to affiliates.

#### Income Taxes

The System, Medical Center and Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue 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 has taken no uncertain tax positions that require adjustment to the consolidated financial statements. With few exceptions, the System is no longer subject to income tax examination by the U.S. federal or state tax authorities for years before 2012.

#### Net Patient Service Revenue

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments. 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 period the related services are rendered and adjusted in future periods as final settlements are determined. Changes in those estimates are reflected in the financial statements in the year in which they occur (see note 3).

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 equal to that of its largest private insurance payors. On the basis of historical experience, a significant portion of the System's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the System records a significant provision for bad debts related to uninsured patients in the period the services are provided.

## SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

#### 2. Significant Accounting Policies (Continued)

##### Charity Care

The System has a formal charity care policy under which patient care is provided without charge or at amounts less than its established rates to patients who meet certain criteria. The System does not pursue collection of amounts determined to qualify as charity care and, therefore, they are not reported as revenue. The System determines the costs associated with providing charity care by calculating a ratio of cost to gross charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to patients eligible for free care.

##### Cash and Cash Equivalents

Cash and cash equivalents include short-term investments and secured repurchase agreements which have an original maturity of three months or less when purchased.

The System maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The System has not experienced any losses on such accounts.

##### Accounts Receivable and the Allowance for Doubtful Accounts

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the System analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the System records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The System's allowance for doubtful accounts was 14% and 17% of accounts receivable as of September 30, 2015 and 2014, respectively. The System's self-pay bad debt writeoffs decreased \$8.7 million from \$25.2 million for fiscal year 2014 to \$16.5 million for fiscal year 2015. The decrease in the bad debt write-offs was a result of an increased number of insured patients from the *Affordable Care Act* and Medicaid expansion.

##### Inventories

Inventories of supplies and pharmaceuticals are carried at the lower of cost (determined by a weighted average method) or market.

# SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

### 2. Significant Accounting Policies (Continued)

#### Funds Held by Trustee Under Financing and Revenue Bond Agreements

Funds held by trustee under financing and revenue bond agreements are recorded at fair value and are comprised of short-term investments and United States government obligations.

#### Investments and Investment Income

Investments are measured at fair value in the balance sheet. Interest and dividend income on unlimited use investments and operating cash is reported within operating revenues. Investment income or loss on assets whose use is limited (including realized and unrealized gains and losses on investments, and interest and dividends) is included in the excess of revenues and nonoperating gains (losses) over expenses as the System has elected to reflect changes in the fair value of investments and assets whose use is limited, including both increases and decreases in value whether realized or unrealized in nonoperating gains or losses unless the income or loss is restricted by donor or law, in which case it is reported as an increase or decrease in temporarily or permanently restricted net assets.

#### Endowment, Investment and Spending Policies

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.

The goal of the board designated funds is to support the System's future capital expenditures and other major program needs, and to generally increase the financial strength of the corporation. In addition to occasional capital expenditures, board designated funds are invested in a prudent manner with regard to preserving principal while providing reasonable returns.

The goal of the endowment funds is to provide a source of financial support to the System's patient care activities. The System appropriates all earnings from the endowment funds to offset the costs of patient care activities according to the intent of the donor. The endowment funds are invested in a prudent manner with regard to preserving principal while providing reasonable returns.

To satisfy its long-term rate-of-return objectives, the System relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The System targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objective within prudent risk constraints.

## SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

#### 2. Significant Accounting Policies (Continued)

##### Property and Equipment

The investments in plant assets are stated at cost 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 provision for depreciation has been computed using the straight-line method at rates intended to amortize the cost of related assets over their estimated useful lives, which have generally been determined by reference to the recommendations of the American Hospital Association.

##### Unamortized Financing Costs

Expenses incurred in obtaining long-term financing are being amortized using the straight-line method, which approximates the effective interest method, over the repayment period of the related debt obligation.

##### Retirement and Deferred Compensation Plans

The Medical Center has a noncontributory defined benefit pension plan that prior to October 8, 2011 covered all qualified employees. The benefits were based on years of service and the employee's average monthly earnings during the period of employment. The Medical Center's policy is to contribute to the plan an amount which meets the funding standards required under the *Employee Retirement Income Security Act of 1974* (ERISA).

The System also sponsors a retirement savings plan available to employees depending upon certain service requirements. Eligible employees can contribute up to 20% of their annual salaries to the plan, and the System provides a tiered matching contribution on the first 6% of the employee contribution. In 2012, the System approved a discretionary employer core contribution with the level to be reviewed annually. Contributions to these plans made by the System and recorded as expense for 2015 and 2014 were \$5,668,424 and \$5,763,090, respectively.

The System sponsors deferred compensation plans for certain qualifying employees. The amounts ultimately due to the employees are to be paid upon the employees attaining certain criteria, including age. At September 30, 2015 and 2014, approximately \$22,135,000 and \$20,984,000, respectively, is reflected in both assets whose use is limited and in other long-term liabilities related to such agreements.

##### Employee Fringe Benefits

The System has an "earned time" plan. Under this plan, each employee "earns" paid leave for each period worked. These hours of paid leave may be used for vacations, holidays or illnesses. Hours earned but not used are vested with the employee and are paid to the employee upon termination. The System accrues a liability for such paid leave as it is earned.

# SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

### 2. Significant Accounting Policies (Continued)

#### Malpractice Loss Contingencies

The System has been and is insured against malpractice loss contingencies under claims-made insurance policies. A claims-made policy provides specific coverage for claims made during the policy period. The System has established a reserve to cover professional liability exposure that may not be covered by prior or current insurance policies. The possibility exists, as a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the System.

At September 30, 2015 and 2014, the System recorded a liability of approximately \$4,093,000 and \$3,009,000, respectively, related to estimated professional liability losses. At September 30, 2015 and 2014, the System also recorded a receivable of \$1,991,000 and \$1,042,000, respectively, related to estimated recoveries under insurance coverage for recoveries of the potential losses. These amounts are included in other liabilities and other assets, respectively, on the consolidated balance sheets.

#### Fair Value of Financial Instruments

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. Financial instruments consist of cash and cash equivalents, investments, accounts receivable, assets whose use is limited or restricted, accounts payable, estimated third-party payor settlements and long-term debt.

The fair value of all financial instruments other than long-term debt approximates their relative book value as these financial instruments have short-term maturities or are recorded at fair value. See Note 12. The fair value of the System's long-term debt is estimated using discounted cash flow analyses, based on the System's current incremental borrowing rates for similar types of borrowing arrangements, and is disclosed in Note 7 to the financial statements.

#### Advertising Expense

Advertising costs are expensed as incurred and totaled approximately \$1,476,000 and \$1,352,000 in 2015 and 2014, respectively.

#### Reclassifications

Certain 2014 amounts have been reclassified to permit comparison with the 2015 consolidated financial statements presentation format.

#### Subsequent Events

Management of the System evaluated events occurring between the end of its fiscal year and December 11, 2015, the date the financial statements were available to be issued to determine whether such events should be recognized or disclosed in the consolidated financial statements.

**SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2015 and 2014

**3. Net Patient Service Revenues**

An estimated breakdown of patient service revenue, net of contractual allowances, discounts and provision for bad debts recognized in 2015 and 2014 from these major payor sources, is as follows:

	<u>Gross Patient Service Revenues</u>	<u>Contractual Allowances and Discounts</u>	<u>Provision for Bad Debts</u>	<u>Net Patient Services Revenues Less Provision for Bad Debts</u>
<b><u>2015</u></b>				
Private payors (includes coinsurance and deductibles)	\$ 309,338,117	\$(111,028,005)	\$ (7,539,170)	\$ 190,770,942
Medicaid	86,808,631	(69,309,255)	(572,833)	16,926,543
Medicare	244,866,727	(165,267,459)	(3,026,866)	76,572,402
Self-pay	<u>13,066,161</u>	<u>(8,423,515)</u>	<u>(2,668,711)</u>	<u>1,973,935</u>
	<u>\$654,079,636</u>	<u>\$(354,028,234)</u>	<u>\$(13,807,580)</u>	<u>\$286,243,822</u>
<b><u>2014</u></b>				
Private payors (includes coinsurance and deductibles)	\$ 310,839,491	\$(108,018,903)	\$ (8,402,737)	\$ 194,417,851
Medicaid	57,180,258	(48,672,393)	(507,708)	8,000,157
Medicare	235,024,321	(157,031,309)	(2,681,027)	75,311,985
Self-pay	<u>25,609,168</u>	<u>(9,678,539)</u>	<u>(13,702,004)</u>	<u>2,228,625</u>
	<u>\$628,653,238</u>	<u>\$(323,401,144)</u>	<u>\$(25,293,476)</u>	<u>\$279,958,618</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 diagnostic related group classification. Medicare's payment methodology for outpatient services is based upon a prospective standard rate for procedures performed or services rendered. Capital costs and certain Medicaid outpatient services are also reimbursed on a prospectively determined fixed price. The System receives payment for other Medicare and Medicaid inpatient and outpatient services on a reasonable cost basis which are settled with retroactive adjustments upon completion and audit of related cost finding reports. The percentage of net patient service revenue earned from the Medicare and Medicaid programs prior to the provision for bad debts was 27% and 6%, respectively, in 2015 and 26% and 3%, respectively, in 2014.

# SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

### 3. Net Patient Service Revenues (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 and is not aware of any pending or threatened investigations involving allegations of potential wrongdoings. While no such regulatory inquiries have been made, 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. There is at least a reasonable possibility that recorded amounts could change by a material amount in the near term. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in net patient service revenue in the year that such amounts become known. Such differences increased net patient service revenue by approximately \$2,457,000 and \$334,000 for the years ended September 30, 2015 and 2014, respectively.

The System also maintains contracts with Anthem Health Plans of New Hampshire, managed care providers and various other payors which reimburse the System for services based on charges with varying discount levels.

The System does not pursue collection of amounts determined to qualify as charity care, therefore, they are not reported as revenues.

#### Electronic Health Record Incentive Payments

The Centers for Medicare and Medicaid Services (CMS) Electronic Health Records (EHR) incentive programs provide a financial incentive for the "meaningful use" of certified EHR technology to achieve health and efficiency goals. To qualify for incentive payments, eligible organizations must successfully demonstrate meaningful use of certified EHR technology through various stages as defined by CMS. In 2015 and 2014, the System filed meaningful use attestations with CMS. Revenue totaling \$1,120,256 and \$2,480,681 associated with these meaningful use attestations were recorded as other revenue for the years ended September 30, 2015 and 2014, respectively.

### 4. Concentration of Credit Risk

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

	<u>2015</u>	<u>2014</u>
Medicare	30%	29%
Medicaid	14	12
Managed Care	15	15
Anthem Health Plans of New Hampshire	15	13
Commercial Insurance	11	12
Self-pay	<u>15</u>	<u>19</u>
	<u>100%</u>	<u>100%</u>

**SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

**5. Investments and Assets Whose Use is Limited**

Investments and assets whose use is limited, which are recorded at fair value, at September 30, 2015 and 2014, are reported in the accompanying consolidated balance sheet as follows:

	<u>2015</u>	<u>2014</u>
Funds held by trustee – current	\$ 4,235,566	\$ 4,184,031
Investments	68,470,138	61,720,843
Employee benefit plans and other	22,886,679	21,720,264
Board designated and donor-restricted	<u>74,065,311</u>	<u>75,259,613</u>
	<u>\$169,657,694</u>	<u>\$162,884,751</u>

The composition of investments and assets whose use is limited at September 30, 2015 and 2014 is set forth in the following table:

	<u>Cost</u> <u>2015</u>	<u>Fair Value</u> <u>2015</u>	<u>Cost</u> <u>2014</u>	<u>Fair Value</u> <u>2014</u>
Cash and cash equivalents	\$ 6,279,242	\$ 6,279,242	\$ 6,248,107	\$ 6,248,107
Fixed income securities	63,560,473	62,235,971	58,014,021	58,147,232
Marketable equity securities	94,711,044	99,131,647	81,480,895	96,029,785
Real estate investment trust	1,116,839	1,118,437	830,191	838,014
Other	<u>1,056,621</u>	<u>892,397</u>	<u>1,935,514</u>	<u>1,621,613</u>
	<u>\$166,724,219</u>	<u>\$169,657,694</u>	<u>\$148,508,728</u>	<u>\$162,884,751</u>

See Note 12 for additional information with respect to fair values.

Investments, board designated and donor restricted investments at September 30, 2015 and 2014 are comprised of the following:

	<u>2015</u>	<u>2014</u>
Investments	\$ 68,470,138	\$ 61,720,843
Board designated for capital, working capital and community service	71,634,560	72,820,215
Donor restricted	<u>2,430,751</u>	<u>2,439,398</u>
	<u>\$142,535,449</u>	<u>\$136,980,456</u>

**SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

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

Unrestricted investment income and realized and unrealized gains (losses) on investments are summarized as follows:

	<u>2015</u>	<u>2014</u>
Operating interest and dividend income	\$ 2,051,533	\$ 1,340,112
Other interest and dividend income	2,185,679	1,671,224
Net realized and unrealized gains (losses) on investments	<u>(6,996,744)</u>	<u>7,477,657</u>
Nonoperating investment return	<u>(4,811,065)</u>	<u>9,148,881</u>
Total investment return	<u>\$ (2,759,532)</u>	<u>\$ 10,488,993</u>

All board designated and donor restricted investment income and gains or (losses) including unrealized gains or (losses) are included as part of nonoperating gains, net in the consolidated statement of operations and changes in net assets.

**6. Property and Equipment**

A summary of property and equipment at September 30, 2015 and 2014 follows:

	<u>2015</u>	<u>2014</u>
Land and land improvements	\$ 18,183,781	\$ 15,216,840
Buildings and fixed equipment	168,409,770	163,932,507
Major movable equipment	87,615,891	86,366,646
Construction in progress	<u>4,761,132</u>	<u>8,161,203</u>
	278,970,574	273,677,196
Less accumulated depreciation and amortization	<u>(150,783,839)</u>	<u>(145,078,170)</u>
	<u>\$ 128,186,735</u>	<u>\$ 128,599,026</u>

**SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

**7. Long-Term Debt**

Long-term debt consists of the following at September 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
New Hampshire Health and Education Facilities Authority (the Authority):		
Series 2007A Revenue Bonds with interest ranging from 5.0% to 5.25% per year. Principal and sinking fund installments are required in amounts ranging from \$2,140,000 to \$6,125,000 through October 1, 2037	\$86,115,000	\$88,055,000
Tax-exempt equipment lease financing with a fixed interest rate of 2.0% with required monthly payments of \$96,411 through December 15, 2015	288,270	1,427,029
Unamortized original issue discount	<u>(41,575)</u>	<u>(44,756)</u>
	86,361,695	89,437,273
Capital lease obligations (see Note 10)	5,311	168,739
Less current portion	<u>(2,433,581)</u>	<u>(3,342,155)</u>
	<u>\$83,933,425</u>	<u>\$86,263,857</u>

The Obligated Group for the Series 2007A bonds is comprised of the System and the Medical Center. However, the System has no revenues, expenses or net assets independent of the Medical Center or the Foundation.

No debt service reserve funds are required under the Series 2007A bonds so long as the Medical Center meets certain debt covenants. The funds held by the trustee under the revenue bond and equipment financing agreements at September 30 are comprised of the following:

	<u>2015</u>	<u>2014</u>
Debt service principal fund	\$2,040,106	\$ 1,940,085
Debt service interest fund	<u>2,195,460</u>	<u>2,243,946</u>
Total funds held by trustees	<u>\$4,235,566</u>	<u>\$ 4,184,031</u>

The Medical Center's revenue bond agreement with the Authority grants the Authority a security interest in the Medical Center's gross receipts. In addition, under the terms of the master indenture, the Medical Center is required to meet certain covenant requirements. At September 30, 2015, the Medical Center was in compliance with these requirements.

Aggregate annual principal payments required under the bond, equipment financing and capital lease agreements for each of the five years ending September 30, 2020 are approximately \$2,434,000, \$2,250,000, \$2,360,000, \$2,485,000 and \$2,615,000, respectively.

**SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

**7. Long-Term Debt (Continued)**

In December 2010, the Medical Center entered into a five year \$5,500,000 tax-exempt equipment lease financing with the Authority and Bank of America. The proceeds of the financing were held by a trustee, under the terms of an escrow agreement which allowed for withdrawals only for approved purchases of capital equipment. The agreement grants Bank of America security interest in the equipment financed with the proceeds for the duration of the lease.

Interest paid on capital leases and long-term debt totaled \$4,467,433 for the year ended September 30, 2015 and \$4,591,621 for the year ended September 30, 2014. There was no interest capitalized during the years ended September 30, 2015 and 2014.

The fair value of long-term debt is estimated to be approximately \$91,828,107 at September 30, 2015 and \$92,152,903 at September 30, 2014.

**8. Pension Plan**

The following table presents a reconciliation of the beginning and ending balances of the Medical Center's defined benefit pension plan projected benefit obligation and the fair value of plan assets, and funded status of the Plan.

	<u>2015</u>	<u>2014</u>
Changes in benefit obligations:		
Projected benefit obligation, beginning of period	\$ (68,812,310)	\$ (62,389,034)
Interest cost	(2,916,464)	(2,930,439)
Benefits paid	1,872,498	1,616,571
Actuarial gain (loss)	<u>(7,469,427)</u>	<u>(5,109,408)</u>
Projected benefit obligations, end of period	<u>\$ (77,325,703)</u>	<u>\$ (68,812,310)</u>
Changes in plan assets:		
Fair value of plan assets, beginning of period	\$ 58,884,051	\$ 53,955,003
Actual return on plan assets	(918,847)	5,261,619
Contributions by plan sponsor	-	1,284,000
Expenses	(450)	-
Benefits paid	<u>(1,872,498)</u>	<u>(1,616,571)</u>
Fair value of plan assets, end of period	<u>\$ 56,092,256</u>	<u>\$ 58,884,051</u>
Funded status of the Plan	<u>\$ (21,233,447)</u>	<u>\$ (9,928,259)</u>
Net accrued liability	<u>\$ (21,233,447)</u>	<u>\$ (9,928,259)</u>

**SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

**8. Pension Plan (Continued)**

Amounts recognized as pension adjustments in unrestricted net assets at September 30, 2015 and 2014 consist of:

	<u>2015</u>	<u>2014</u>
Net actuarial loss	\$35,834,422	\$23,698,813

The accumulated benefit obligation as of the Plan's measurement date of September 30, 2015 and 2014, was \$77,325,703 and \$68,812,310, respectively. In 2015, the Hospital began to use the RP-2015 mortality tables, which in general have longer life expectancies than the former tables used. This had a significant impact on the projected benefit obligation.

The weighted-average assumptions used to determine the pension benefit obligation at September 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Discount rate	4.25%	4.25%

*Pension Plan Asset Fair Value Measurements*

The fair values of the System's pension plan assets as of September 30, 2015 and 2014, by asset category, are as follows (see Note 12 for level definitions):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b><u>2015:</u></b>				
Pooled separate accounts:				
Money market	\$ -	\$ 235,688	\$ -	\$ 235,688
International equity	-	3,826,482	-	3,826,482
Large cap equity	-	17,246,807	-	17,246,807
Mid cap equity	-	5,870,203	-	5,870,203
Small cap equity	-	3,401,455	-	3,401,455
Bond funds	-	<u>25,511,621</u>	-	<u>25,511,621</u>
	<u>\$ -</u>	<u>\$56,092,256</u>	<u>\$ -</u>	<u>\$56,092,256</u>
<b><u>2014:</u></b>				
Pooled separate accounts:				
Money market	\$ -	\$ 600,959	\$ -	\$ 600,959
International equity	-	4,599,972	-	4,599,972
Large cap equity	-	20,775,722	-	20,775,722
Mid cap equity	-	6,155,359	-	6,155,359
Small cap equity	-	3,919,285	-	3,919,285
Bond funds	-	<u>22,832,754</u>	-	<u>22,832,754</u>
	<u>\$ -</u>	<u>\$58,884,051</u>	<u>\$ -</u>	<u>\$58,884,051</u>

**SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

**8. Pension Plan (Continued)**

Net periodic pension gain includes the following components for the years ended September 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Interest cost on projected benefit obligation	\$ 2,916,464	\$ 2,930,439
Expected return on plan assets	(4,348,835)	(4,053,365)
Recognized loss	<u>601,950</u>	<u>454,075</u>
Total gain	<u>\$ (830,421)</u>	<u>\$ (668,851)</u>

The weighted-average assumptions used to determine net periodic benefit cost at September 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Discount rate	4.25%	4.75%
Expected long-term rate of return on plan assets	7.50	7.50

Other changes in plan assets and benefit obligations recognized in adjustments to unrestricted net assets are as follows:

	<u>2015</u>	<u>2014</u>
Net loss	<u>\$12,135,609</u>	<u>\$3,447,079</u>
Total recognized in net periodic pension benefit cost and adjustment to unrestricted net assets	<u>\$11,305,188</u>	<u>\$2,778,228</u>

The estimated net loss for the defined benefit pension plan that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is \$851,571.

Plan Amendments

On August 15, 2011, the Board of Directors of the System resolved to freeze the defined benefit pension plan effective October 8, 2011. Any employee who was a participant of the plan on that date will continue as a participant. No other person will become a participant after that date. Benefits to participants also stopped accruing on October 8, 2011. This amendment impacted the present value of accumulated plan benefits by eliminating the increase due to annual benefit accruals. Also effective October 8, 2011, the System provides qualifying employees with an additional 2% contribution under its existing defined contribution plan to supplement their retirement benefits.

SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

8. **Pension Plan (Continued)**

Plan Assets

The primary investment objective of the Medical Center's Retirement Plan is to provide pension benefits for its members and their beneficiaries by ensuring a sufficient pool of assets to meet the Plan's current and future benefit obligations. These funds are managed as permanent funds with disciplined longer-term investment objectives and strategies designed to meet cash flow requirements of the Plan. Funds are managed in accordance with ERISA and all other regulatory requirements.

Management of the assets is designed to maximize total return while preserving the capital values of the fund, protecting the fund from inflation, and provide liquidity as needed for plan benefits. The objective is to provide a rate of return that meets inflation, plus 5.5%, over a long-term horizon.

The Plan aims to diversify its holdings among sectors, industries and companies. No more than 10% of the Plan's portfolio, excluding U.S. Government obligations and cash, may be held in an individual company's stock or bonds.

A periodic review is performed of the pension plan's investment in various asset classes. The current asset allocation target is 50% to 70% equities, 30% to 50% fixed income, and 0% to 5% cash and other.

The Medical Center's pension plan weighted-average asset allocation at September 30, 2015 and 2014, by asset category is as follows:

	<u>2015</u>	<u>2014</u>
Marketable equity securities	54%	60%
U.S. Government obligations and corporate bonds	<u>46</u>	<u>40</u>
	<u>100%</u>	<u>100%</u>

Contributions

The Medical Center does not have a minimum required contribution for 2016, but expects to voluntarily contribute a minimum of \$3,000,000 to its pension plan in 2016.

Estimated Future Benefit Payments

The following benefit payments are expected to be paid as follows:

2016	\$ 2,094,996
2017	2,302,939
2018	2,524,597
2019	2,772,831
2020	3,029,506
Years 2021 – 2025	18,666,080

**SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

**9. Functional Expenses**

The Medical Center and the Foundation provide general health care services to residents within their geographic location. Expenses related to providing these services are as follows:

	<u>2015</u>	<u>2014</u>
Health care services	\$237,629,768	\$230,877,416
General and administrative	<u>56,139,373</u>	<u>53,899,948</u>
	<u>\$293,769,141</u>	<u>\$284,777,364</u>

**10. Leases**

The System leases equipment as well as office and storage space for operations under various noncancelable lease agreements. These leases are treated as operating leases and expire at various dates through 2028. Rental expense on all operating leases for the years ended September 30, 2015 and 2014 was \$2,000,593 and \$1,960,945, respectively.

The System also leases equipment under lease agreements that are classified as capital leases. The cost of equipment under the capital leases was approximately \$313,527 and \$817,596 at September 30, 2015 and 2014, respectively. Accumulated amortization of the leased equipment at September 30, 2015 and 2014 was approximately \$311,746 and \$719,881, respectively. Amortization of assets under capital leases is included in depreciation and amortization expense.

Future minimum lease payments required under capital and operating leases and the present value of the net minimum lease payments as of September 30, 2015 are as follows:

	<u>Operating Leases</u>	<u>Capital Leases</u>	<u>Total</u>
Year ending September 30:			
2016	\$1,669,536	\$ 5,328	\$1,674,864
2017	1,447,974	-	1,447,974
2018	1,170,635	-	1,170,635
2019	825,587	-	825,587
2020	506,285	-	506,285
Thereafter	<u>2,815,623</u>	<u>-</u>	<u>2,815,623</u>
Total future minimum lease payments		5,328	<u>\$8,440,968</u>
Less amount representing interest		<u>(17)</u>	
Present value of net minimum lease payments		5,311	
Less current maturities of capital lease obligations		<u>(5,311)</u>	
Long-term capital lease obligations		\$ <u>-</u>	

**SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

**11. Community Benefits**

In accordance with its mission, the System provides substantial benefits to the southern New Hampshire region. The following community benefits were provided by the System for the years ending September 30, 2015 and 2014:

	<u>Community Benefit Costs</u>	<u>Offsetting Revenues</u>	<u>Net Community Benefit Expense</u>
<b><u>2015</u></b>			
Charity care (see note 3)	\$ 3,254,956	\$ 50,000	\$ 3,204,956
Uncompensated care	4,523,975	-	4,523,975
Subsidized care	143,854,346	100,372,111	43,482,235
Cash and in-kind contributions	<u>1,624,778</u>	<u>7,308</u>	<u>1,617,470</u>
Total	<u>\$153,258,055</u>	<u>\$100,429,419</u>	<u>\$52,828,636</u>
<b><u>2014</u></b>			
Charity care (see note 3)	\$ 4,757,098	\$ 60,000	\$ 4,697,098
Uncompensated care	8,141,371	-	8,141,371
Subsidized care	126,645,468	86,455,510	40,189,958
Cash and in-kind contributions	<u>2,508,989</u>	<u>509,261</u>	<u>1,999,728</u>
Total	<u>\$142,052,926</u>	<u>\$ 87,024,771</u>	<u>\$55,028,155</u>

*Charity care:* The System provides care to patients who meet certain criteria under its board established charity care policy 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. The estimated costs of caring for charity care patients for the years ended September 30, 2015 and 2014 were approximately \$3.2 million and \$4.7 million, respectively. Funds received from gifts and grants to subsidize charity services provided for the years ended September 30, 2015 and 2014 were \$50,000 and \$60,000, respectively.

*Uncompensated care:* The System provides care to patients without insurance, regardless of their ability to pay. Though the System attempts to assist all patients enrolling in available public assistance programs or qualification under its charity care policy, many patients either fail to comply with administrative requirements, or do not qualify. In these instances, the System attempts to collect for these services. However, the overwhelming majority of these accounts are ultimately uncollectible.

*Subsidized care:* The System provides services to patients enrolled in public service programs, i.e., Medicare and Medicaid, at rates substantially below cost.

*Cash and in-kind contributions:* The System supports various community initiatives including healthcare outreach, research and education. Other cash and in-kind contributions can be found in the community benefits report posted on the System's website.

## SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

#### 12. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the System uses various methods including market, income and cost approaches. Based on these approaches, the System often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The System utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the System is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining the appropriate levels, the System performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

For the fiscal years ended September 30, 2015 and 2014, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used:

#### 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 results in classification as Level 1 or Level 2 within the fair value hierarchy.

**SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

**12. Fair Value Measurements (Continued)**

*Fixed Income Securities*

The fair value for debt instruments is determined by using broker or dealer quotations, external pricing providers, or alternative pricing sources with reasonable levels of price transparency. The System holds U.S. governmental and federal agency debt instruments, municipal bonds, corporate bonds, and foreign bonds which are classified as Level 1 or Level 2 within the fair value hierarchy.

*Employee Benefit Plans*

Underlying plan investments within these funds are stated at quoted market prices. These investments are generally classified as Level 1 within the fair value hierarchy.

*Fair Value on a Recurring Basis*

The following presents the balances of assets (funds held by trustee, investments and assets whose use is limited) measured at fair value on a recurring basis at September 30, 2015 and 2014:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>2015:</b>				
Cash and cash equivalents	\$ 4,412,554	\$ 4,412,554	\$ —	\$ —
Marketable equity securities:				
Large cap	59,565,687	33,842,812	25,722,875	—
Mid cap	10,084,378	3,439,286	6,645,092	—
Small cap	5,429,222	2,625,751	2,803,471	—
International	6,801,656	3,636,640	3,165,016	—
Fixed income securities:				
U.S. Government obligations	13,022,393	6,031,175	6,991,218	—
Corporate bonds	33,112,176	31,580,498	1,531,678	—
Foreign bonds	12,405,433	12,405,433	—	—
Other investments	1,937,516	1,394,243	543,273	—
Employee benefit plans	<u>22,886,679</u>	<u>22,886,679</u>	<u>—</u>	<u>—</u>
	<u>\$ 169,657,694</u>	<u>\$ 122,255,071</u>	<u>\$ 47,402,623</u>	<u>\$ —</u>
<b>2014:</b>				
Cash and cash equivalents	\$ 4,355,170	\$ 4,355,170	\$ —	\$ —
Marketable equity securities:				
Large cap	56,784,033	30,968,872	25,815,161	—
Mid cap	9,943,550	3,394,082	6,549,468	—
Small cap	5,424,339	2,652,356	2,771,983	—
International	7,227,181	3,632,246	3,594,935	—
Fixed income securities:				
U.S. Government obligations	19,502,912	12,718,821	6,784,091	—
Corporate bonds	21,593,014	20,005,553	1,587,461	—
Foreign bonds	12,197,308	11,200,267	997,041	—
Other investments	4,136,980	3,287,246	849,734	—
Employee benefit plans	<u>21,720,264</u>	<u>21,720,264</u>	<u>—</u>	<u>—</u>
	<u>\$ 162,884,751</u>	<u>\$ 113,934,877</u>	<u>\$ 48,949,874</u>	<u>\$ —</u>

## SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

#### 12. Fair Value Measurements (Continued)

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheets and statements of operations.

##### Investment Strategies

##### 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.

##### Fixed Income Securities (Debt Instruments)

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

##### Fair Value of Other Financial Instruments

The following methods and assumptions were used by the System in estimating the "fair value" of other financial instruments in the accompanying consolidated financial statements and notes thereto:

*Cash and cash equivalents:* The carrying amounts reported in the accompanying consolidated balance sheets for these financial instruments approximate their fair values.

*Accounts receivable and accounts payable:* The carrying amounts reported in the accompanying consolidated balance sheets approximate their respective fair values due to the short maturities of these instruments.

*Long-term debt:* The fair value of the notes payable and long-term debt, as disclosed in Note 7, was calculated based upon discounted cash flows through maturity based on market rates currently available for borrowing with similar maturities.

**SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

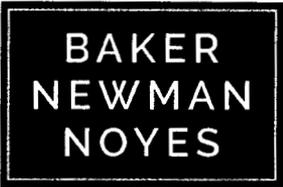
**13. Medicaid Enhancement Tax and Medicaid Disproportionate Share**

Under the State of New Hampshire's (the State) tax code, the State imposes a Medicaid Enhancement Tax (MET) equal to 5.5% of the Medical Center's net patient service revenues, with certain exclusions. The amount of the tax incurred by the Medical Center for fiscal 2015 and 2014 was \$10,749,745 and \$10,349,872, respectively.

The State provides disproportionate share payments (DSH) to hospitals based on a set percentage of uncompensated care provided. The Medical Center received DSH interim funding of \$2,398,053 and \$3,104,329 for the years ended September 30, 2015 and 2014, respectively. Reserves were established for \$359,708 and \$309,174 at September 30, 2015 and 2014, respectively, as these payments are subject to the State DSH annual audit and potential redistributions.

Also, during the years ended September 30, 2015 and 2014, the Medical Center participated in the audit of the State's 2011 DSH program. Due to the uncertainty of the results of the State's 2011 DSH audit, the Medical Center reserved approximately \$1,180,000 of the payments it received in 2011. The audit results were finalized in the year ended September 30, 2015 and the State has not determined whether the redistribution will occur. The audit results did reflect that a payment is not owed by the Medical Center and, therefore, the \$1,180,000 reserve was removed and is reflected in disproportionate share hospital revenue.

The Medical Center and several other New Hampshire hospitals appealed and amended certain MET tax returns with the State. This initial appeal process was settled in May 2013, and included all tax years up to the State's fiscal year ended June 30, 2013. The settlement included a credit to the Medical Center to offset future MET for the fiscal years ended September 30, 2013 and 2014. At September 30, 2014, approximately \$369,000 has been recorded and reflected as an asset and was used to offset the tax liability for the year ended September 30, 2015.



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

Board of Trustees  
Southern New Hampshire Health System, Inc.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis rather than to present the financial position and results of operations 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.

Manchester, New Hampshire  
December 11, 2015

A handwritten signature in black ink that reads "Baker Newman &amp; Noyes".

Limited Liability Company

**SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.**

**CONSOLIDATING BALANCE SHEETS**

September 30, 2015 and 2014

ASSETS

	2015			2014		
	Elimination Entries	Southern New Hampshire Medical Partners, Inc.	Foundation Medical Partners, Inc.	Elimination Entries	Southern New Hampshire Medical Center	Foundation Medical Partners, Inc.
Current assets:						
Cash and cash equivalents	\$ -	\$ 33,478,211	\$ (859,045)	\$ -	\$ 44,417,789	\$ (130,499)
Accounts receivable, less allowances for doubtful accounts	-	22,050,698	10,559,310	-	21,748,812	8,981,979
Inventories	-	3,358,215	338,604	-	2,878,114	332,599
Prepaid expenses and other current assets	(222,594)	4,202,539	2,627,238	(208,415)	3,213,940	1,550,322
Funds held by trustee for current payment of bond principal and interest	-	4,235,566	-	-	4,184,031	-
Total current assets	(222,594)	67,325,229	12,666,107	(208,415)	76,442,686	10,734,401
Investments	-	68,470,138	-	-	61,720,843	-
Assets whose use is limited:						
Employee benefit plans and other	-	6,563,807	16,322,872	-	5,623,712	16,096,552
Board designated and donor-restricted	-	74,065,311	-	-	75,259,613	-
Property, plant and equipment, net	-	80,629,118	16,322,872	-	80,883,325	16,096,552
Other assets	(5,268,432)	14,154,815	201,177	(5,492,207)	12,142,419	303,555
Unamortized financing costs	-	541,414	-	-	584,485	-
Total assets	<u>\$(5,623,998)</u>	<u>\$ 349,230,949</u>	<u>\$ 39,399,628</u>	<u>\$(5,842,459)</u>	<u>\$ 349,867,545</u>	<u>\$ 37,781,584</u>

LIABILITIES AND NET ASSETS

	2015				2014			
	Consolidated	Elimination Entries	Southern New Hampshire Medical Center	Foundation Medical Partners, Inc.	Consolidated	Elimination Entries	Southern New Hampshire Medical Center	Foundation Medical Partners, Inc.
Current liabilities:								
Accounts payable and other accrued expenses	\$ 20,273,907	\$ -	\$ 14,390,036	\$ 5,883,871	\$ 19,957,723	\$ -	\$ 14,458,793	\$ 5,498,930
Accrued compensation and related taxes	23,857,277	-	14,848,952	9,008,325	24,166,354	-	14,872,139	9,294,215
Accrued interest payable	2,195,350	-	2,195,350	-	2,243,850	-	2,243,850	-
Amounts payable to third-party payors	9,867,522	-	9,867,522	-	11,988,444	-	11,988,444	-
Current portion long-term debt and capital lease obligations	<u>2,433,581</u>	-	<u>2,433,581</u>	-	<u>3,342,155</u>	-	<u>3,342,155</u>	-
Total current liabilities	58,627,637	-	43,735,441	14,892,196	61,698,526	-	46,905,381	14,793,145
Other liabilities	47,478,809	(5,623,998)	30,157,578	22,945,229	33,936,968	(5,842,459)	16,886,758	22,892,669
Long-term debt and capital lease obligations, less current portion	83,933,425	-	83,933,425	-	86,263,857	-	86,263,857	-
Net assets:								
Unrestricted	190,535,957	-	188,973,754	1,562,203	197,467,921	-	197,372,151	95,770
Temporarily restricted	65,238	-	65,238	-	73,885	-	73,885	-
Permanently restricted	<u>2,365,513</u>	-	<u>2,365,513</u>	-	<u>2,365,513</u>	-	<u>2,365,513</u>	-
Total liabilities and net assets	<u>\$383,006,579</u>	<u>\$(5,623,998)</u>	<u>\$ 349,230,949</u>	<u>\$ 39,399,628</u>	<u>\$ 381,806,670</u>	<u>\$(5,842,459)</u>	<u>\$ 349,867,545</u>	<u>\$ 37,781,584</u>

**SOUTHERN NEW HAMPSHIRE HEALTH SYSTEM, INC.**

**CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS**

Years Ended September 30, 2015 and 2014

	2015				2014			
	Consolidated	Elimination Entries	Southern New Hampshire Medical Center	Foundation Medical Partners, Inc.	Consolidated	Elimination Entries	Southern New Hampshire Medical Center	Foundation Medical Partners, Inc.
Net patient services revenue (net of contractual allowances and discounts)	\$ 300,051,402	\$ (3,266,030)	\$ 211,311,455	\$ 92,005,977	\$ 305,252,094	\$ (3,259,532)	\$ 215,794,608	\$ 92,717,018
Provision for bad debts	<u>(13,807,580)</u>	—	<u>(9,837,439)</u>	<u>(3,970,141)</u>	<u>(25,293,476)</u>	—	<u>(19,881,510)</u>	<u>(5,411,966)</u>
Net patient service revenue less provision for bad debts	286,243,822	(3,266,030)	201,474,016	88,035,836	279,958,618	(3,259,532)	195,913,098	87,305,052
Disproportionate share hospital revenue	4,907,627	—	4,907,627	—	1,615,323	—	1,615,323	—
Interest and dividends	2,051,533	—	2,051,533	—	1,340,112	—	1,340,112	—
Other revenue	<u>10,246,270</u>	<u>(7,442,122)</u>	<u>7,267,496</u>	<u>10,420,896</u>	<u>11,128,068</u>	<u>(7,030,245)</u>	<u>7,808,625</u>	<u>10,349,688</u>
Total revenue	303,449,252	(10,708,152)	215,700,672	98,456,732	294,042,121	(10,289,777)	206,677,158	97,654,740
Operating expenses:								
Salaries and wages	157,322,210	(387,025)	87,987,273	69,721,962	152,683,714	(323,163)	82,965,156	70,041,721
Employee benefits	27,035,675	(3,266,030)	15,963,698	14,338,007	24,184,462	(3,259,532)	14,449,111	12,994,883
Supplies and other expenses	80,470,718	(6,683,937)	52,546,942	34,607,713	78,999,751	(6,322,650)	53,041,862	32,280,539
Depreciation and amortization	13,771,860	—	11,867,789	1,904,071	14,014,193	—	11,783,612	2,230,581
New Hampshire Medicaid enhancement tax	10,749,745	—	10,749,745	—	10,349,872	—	10,349,872	—
Interest	<u>4,418,933</u>	<u>(371,160)</u>	<u>4,418,933</u>	<u>371,160</u>	<u>4,545,372</u>	<u>(384,432)</u>	<u>4,545,372</u>	<u>384,432</u>
Total operating expenses	293,769,141	(10,708,152)	183,534,380	120,942,913	284,777,364	(10,289,777)	177,134,985	117,932,156
Income (loss) from operations	9,680,111	—	32,166,292	(22,486,181)	9,264,757	—	29,542,173	(20,277,416)

	2015			2014			
	Consolidated	Southern New Hampshire Medical Center	Foundation Medical Partners, Inc.	Consolidated	Elimination Entries	Southern New Hampshire Medical Center	Foundation Medical Partners, Inc.
Nonoperating gains (losses):							
Investment return	\$ (4,811,065)	\$ (4,811,065)	\$ -	\$ 9,148,881	\$ -	\$ 9,148,881	\$ -
Contributions, community benefits expense and nonoperating revenues	240,439	241,237	(798)	71,309	-	63,808	7,501
Nonoperating gains (losses), net	(4,570,626)	(4,569,828)	(798)	9,220,190	-	9,212,689	7,501
Excess (deficiency) of revenues and nonoperating gains (losses) over expenses	5,109,485	27,596,464	(22,486,979)	18,484,947	-	38,754,862	(20,269,915)
Transfers from (to) affiliates	-	(23,953,412)	23,953,412	-	-	(20,778,264)	20,778,264
Pension adjustment	(12,135,609)	(12,135,609)	-	(3,447,079)	-	(3,447,079)	-
Released from restriction for capital purchases	94,160	94,160	-	25,000	-	25,000	-
(Decrease) increase in unrestricted net assets	(6,931,964)	(8,398,397)	1,466,433	15,062,868	-	14,554,519	508,349
Contributions of temporarily restricted net assets	95,010	95,010	-	56,666	-	56,666	-
Net assets released from restriction for capital purchases	(94,160)	(94,160)	-	(25,000)	-	(25,000)	-
Net assets released from restriction for operations	(9,497)	(9,497)	-	(17,563)	-	(17,563)	-
(Decrease) increase in temporarily restricted net assets	(8,647)	(8,647)	-	14,103	-	14,103	-
Increase in permanently restricted net assets	-	-	-	10,000	-	10,000	-
(Decrease) increase in net assets	(6,940,611)	(8,407,044)	1,466,433	15,086,971	-	14,578,622	508,349
Net assets (deficit) at beginning of year	199,907,319	199,811,549	95,770	184,820,348	-	185,232,927	(412,579)
Net assets at end of year	\$ 192,966,708	\$ 191,404,505	\$ 1,562,203	\$ 199,907,319	\$ -	\$ 199,811,549	\$ 95,770

**SOUTHERN NEW HAMPSHIRE MEDICAL CENTER**

**BOARD OF TRUSTEES  
MEMBERSHIP**

**2016 Term**

**SNHMC BOARD OFFICERS**

TIMOTHY C. SULLIVAN, ESQ.	- CHAIRPERSON
TIMOTHY J. WHITAKER	- VICE-CHAIRPERSON
THOMAS E. WILHELMSSEN, JR.	- PRESIDENT/CEO & SECRETARY
MICHAEL S. ROSE	- TREASURER

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JOSEPH LEAHY, D.O. [EO]  
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TIMOTHY C. SULLIVAN, ESQ.  
TIMOTHY J. WHITAKER  
THOMAS E. WILHELMSSEN, JR. [EO]

**Experience**

Director of Laboratory Services

June 2012 – present Southern NH Medical Center, Nashua, NH

- Direct and oversee Laboratory operations
- Manage financial and personnel aspects
- Oversee accreditation requirements
- Represent the laboratory on various committees for the organization

LIS / Customer Service Manager

Oct 2000 – June 2012 Southern NH Medical Center, Nashua, NH

- Managed all aspects of the LIS
- Managed Customer Outreach and off site staff
- Represent the Laboratory on the Medical Care, Outpatient Care Councils, ICPC, and quality initiatives
- Represent Clinical Support Services at CISOPS (Clinical Information Systems Operation committee)
- Liaison for SNHMC departments, FMP, private providers, and organizations that use SNHMC laboratory (HHHC, NRH, DaVita, etc.)
- Resource for Laboratory staff for operational policies
- Develop and implement policies as it relates to laboratory operations

Chemistry/Night Supervisor

Oct 1992 - Oct 2000 Southern NH Medical Center, Nashua, NH

- Managed Chemistry department and personnel
- Successfully completed CAP inspections, instrument implementations and LIS installation
- Developed technical policies and procedures for Chemistry department

Information Systems Coordinator

Sept 1991 - Sept 1992 St. Luke's Memorial Hospital, Utica, NY

- Project manager for SCC LIS implementation
- Trained laboratory, physician and nursing personnel on the new system
- Performed LIS implementation duties while maintaining Chemistry Supervisor position

St Lukes Memorial Hospital, Utica NY March 1989 – Sept 1992

VA Medical Center, Syracuse, NY Oct 1985 – March 1989

American Red Cross, Syracuse, NY May 1985 – Oct 1985

**Education**

SUNY Health Science Center, Syracuse, NY

1983 – 1985

- BS in Medical Technology ASCP certification 1985 - present

**References**

References are available on request.

**CONTRACTOR NAME**

Key Personnel

Name	Job Title	Salary	% Paid from this Contract	Amount Paid from this Contract
Celeste Karski	Laboratory Director	\$102,992	0	0