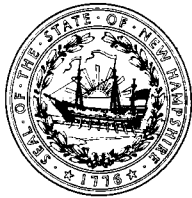


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STATE OF NEW HAMPSHIRE  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
NEW HAMPSHIRE HOSPITAL

Jeffrey A. Meyers  
Commissioner

Lori A. Shibinette  
Chief Executive Officer

36 CLINTON STREET, CONCORD, NH 03301  
603-271-5300 1-800-852-3345 Ext. 5300  
Fax: 603-271-5395 TDD Access: 1-800-735-2964  
www.dhhs.nh.gov

April 2, 2018

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

**REQUESTED ACTION**

Authorize the Department of Health and Human Services, Division of Behavioral Health, New Hampshire Hospital, to enter into a **sole source** agreement with Concord Hospital, Inc. (Vendor #177653) 250 Pleasant Street, Concord, NH, 03301, for radiology services in an amount not to exceed \$69,000 effective April 1, 2018, or upon the date of Governor & Executive Council approval, whichever is later, through June 30, 2020. 20% Federal Funds, 34% General Funds and 46% Other Funds.

Funds are available in State Fiscal Years 2018 and 2019, and are anticipated to be available in State Fiscal Year 2020 upon the availability and continued appropriation of funds in the future operating budget.

**05-095-94-940010-8750 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: NEW HAMPSHIRE HOSPITAL, NEW HAMPSHIRE HOSPITAL, ACUTE PSYCHIATRIC SERVICES**

State Fiscal Year	Class Account	Description	Job Number	Budget Amount
2018	101-500729	Medical Payments to Providers	94057300	\$7,500
2019	101-500729	Medical Payments to Providers	94057300	\$30,000
2020	101-500729	Medical Payments to Providers	94057300	\$31,500
			<b>Total</b>	<b>\$69,000</b>

**EXPLANATION**

This request is **sole source** because Concord Hospital has the necessary skills and demeanor to work successfully with behavior health clients. In addition, the Vendor is located in close proximity to the Acute Psychiatric Facility allowing for quick access to services on a twenty-four (24) hour, seven (7) days a week basis.

The purpose of this agreement is to allow the Department to continue providing radiology services to New Hampshire Hospital patients. Concord Hospital will provide mobile radiology services including interpretation of images for patients that are unable to leave the Acute Psychiatric Services facility. These services include x-ray and EKG as deemed appropriate by the attending physician.

As referenced in Exhibit C-1 of the Agreement, the Department reserves the option to extend contract services for up to four (4) additional years, subject to the continued availability of funds, satisfactory performance of services and approval by the Governor and Executive Council.

Should the Governor and Executive Council not approve this request, the Department may not be able to determine the severity of patients' conditions thus jeopardizing the wellbeing and recovery of patients while in the care of New Hampshire Hospital.

Area served: New Hampshire Hospital

Source of Funds: 46% Other Funds (Medicare, Medicaid and Third Party Insurance), 34% General Funds and 20% Federal Funds from the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, Medical Assistance Program, Code of Federal Domestic Assistance Number (CFDA) 93.778, Federal Award Identification Number (FAIN) 1805NH05ADMIN.

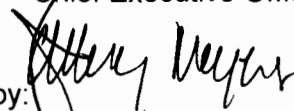
In the event that the Federal Funds become no longer available, additional General Funds will not be requested to support this program.

Respectfully submitted,



Lori Shibanette  
Chief Executive Officer

Approved by:



Jeffrey A. Meyers  
Commissioner

Subject: Radiology Services (SS-2018-NHH-11-RADIO)

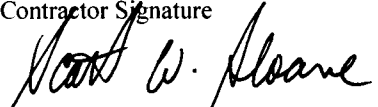
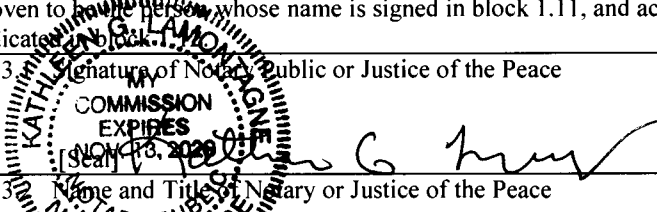

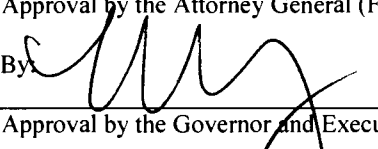
Notice: This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

**AGREEMENT**

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

**GENERAL PROVISIONS**

**1. IDENTIFICATION.**

1.1 State Agency Name NH Department of Health and Human Services		1.2 State Agency Address 129 Pleasant Street Concord, NH 03301-3857	
1.3 Contractor Name Concord Hospital, Inc.		1.4 Contractor Address 250 Pleasant Street Concord NH 03301	
1.5 Contractor Phone Number 603-230-7279	1.6 Account Number 05-095-094-940010-87500000-101-500729	1.7 Completion Date June 30, 2020	1.8 Price Limitation \$69,000
1.9 Contracting Officer for State Agency E. Maria Reinemann, Esq., Director Bureau of Contracts & Procurements		1.10 State Agency Telephone Number 603-271-9330	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory Scott W. Sloane, CFO	
1.13 Acknowledgement: State of <u>NH</u> , County of <u>Merrimack</u> On <u>3/29/2018</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 Signature of Notary Public or Justice of the Peace 			
1.13 Name and Title of Notary or Justice of the Peace <u>G Lamontagne Executive Assistant/Notary</u>			
1.14 State Agency Signature  Date: <u>4/3/18</u>		1.15 Name and Title of State Agency Signatory <u>Lori Shibi'nette CEO-NH14</u>	
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. Yapa - Attorney 4/17/18</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.



## Scope of Services

### 1. Provisions Applicable to All Services

- 1.1. The Contractor will submit a detailed description of the language assistance services they will provide to persons with limited English proficiency to ensure meaningful access to their programs and/or services within ten (10) days of the contract effective date.
- 1.2. 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.
- 1.3. Notwithstanding any other provision of the Contract to the contrary, no services shall continue after June 30, 2019, and the Department shall not be liable for any payments for services provided after June 30, 2019, unless and until an appropriation for these services has been received from the state legislature and funds encumbered for the SFY 2020-2021 biennium.

### 2. Scope of Services

- 2.1. The Contractor shall provide mobile X-Ray services for clients at New Hampshire Hospital.
- 2.2. The Contractor shall take, interpret, and report on X-Ray images.
- 2.3. The Contractor shall interpret and report on Electrocardiograms (EKG) taken by and as requested by the New Hampshire Hospital.
- 2.4. The Contractor shall provide X-Ray services by qualified and licensed technicians registered with the American Registry of Radiologic Technologists.
- 2.5. The Contractor shall provide X-Ray services as prescribed by the New Hampshire Hospital, subject to New Hampshire Hospital approval.
- 2.6. The Contractor shall make services available Monday through Friday, 7:00 am to 5:00 pm and on Saturdays, 7:00 am to 5:00 pm.
- 2.7. The Contractor shall provide all routine X-Rays on the same day as requested by New Hampshire Hospital.
- 2.8. The Contractor shall have a Board Certified Radiologist read and interpret the X-Rays.
- 2.9. The Contractor shall telephone preliminary findings to New Hampshire Hospital the same day the X-Ray was taken and fax final reports within five (5) business days.



Exhibit A

- 2.10. The Contractor shall provide radiologist telephone consultations and be on call twenty-four (24) hours, a day, seven (7) days a week. The Contractor shall provide a telephone number for New Hampshire Hospital to contact the consultants.
- 2.11. The Contractor shall operate, maintain, and test all portable radiology equipment in accordance with a radiation protection program that ensures the safety of those using the equipment, those being examined, and the environment in which equipment being used. The Contractor will train all personnel working the portable radiology equipment in radiation safety.
- 2.12. The Contractor shall maintain records that include at a minimum the client's name and medical record number, date the service(s) were provided, and a description of the service(s) using the code names and numbers in Exhibit B-1, Fee Schedule.
- 2.13. The Contractor shall utilize the New Hampshire Hospital secure electronic messaging system, when available, for secure exchange of client information.
- 2.14. The Contractor warrants that it is Medicare and Medicaid approved and properly licensed by the State of New Hampshire.
- 2.15. The Contractor agrees to a Criminal Background Check.
- 2.16. The Contractor shall complete a required orientation of New Hampshire Hospital's policies and safety requirements and any New Hampshire Hospital provided continuing education classes thereafter, at the discretion of New Hampshire Hospital. Classes include:
  - 2.16.1. Boundaries (2 Hours)
  - 2.16.2. Cultural Awareness (2 Hours)
  - 2.16.3. Rehab Orientation (1-2 Hours)
  - 2.16.4. Cues to Crisis (2-4 Hours)





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**Method and Conditions Precedent to Payment**

1. The State shall pay the Contractor an amount not to exceed the Price Limitation, block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services.
2. This Agreement is funded by:
  - 2.1. New Hampshire General Funds;
  - 2.2. Other Funds from Provider Fees; and
  - 2.3. Federal Funds from the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services, Medical Assistance Program Code of Federal Domestic Assistance (CFDA) # 93.778.
    - 2.3.1. The Contractor agrees to provide the services in Exhibit A, Scope of Services in compliance with funding requirements.
3. Payment for said services shall be made as follows:
  - 3.1. The Contractor will be reimbursed for services performed in accordance with Exhibit B-1, Fee Schedule.
  - 3.2. The Contractor will submit monthly invoices by the tenth (10<sup>th</sup>) working day of each month, which identifies and requests reimbursement for authorized expenses incurred in the prior month.
  - 3.3. Invoices shall include the client's Medical Record Number, date(s) of service, and the services provided using the code names and numbers; and rate fees in accordance with Exhibit B-1, Fee Schedule.
  - 3.4. The State shall make payment to the Contractor within thirty (30) days of receipt of each accurate invoice for Contractor services provided pursuant to this Agreement.
  - 3.5. Invoices must be submitted to:

Financial Manager  
New Hampshire Hospital  
36 Clinton Street  
Concord, NH 03301
4. Notwithstanding anything to the contrary herein, the Contractor agrees that funding under this Contract may be withheld, in whole or in part, in the event of noncompliance with any State or Federal law, rule or regulation applicable to the services provided, or if the said services have not been completed in accordance with the terms and conditions of this Agreement.

Exhibit B-1 Fee Schedule

**Concord Hospital Mobile X-Ray Services Fee Schedule**

Contract Level 3		FIM#	2010 Price	2016 Price
9563	MXC-ABDOMEN-KUB-1-VIEW	41-9563	101.20	\$111.32
9564	MXC-ABDOMEN-KUB-2-VIEW	41-9564	114.80	\$126.28
9568	MXC-ABDOMEN-KUB-2-TO-3-VIEWS	41-9568	122.65	\$134.92
9569	MXC-ANKLE-3-VIEW-LEFT	41-9569	105.25	\$115.78
9570	MXC-ANKLE-3-VIEW-RIGHT	41-9570	105.25	\$115.78
9572	MXC-CHEST-DECUB-RT	41-9572	101.75	\$111.93
9574	MXC-CHEST-1VIEW(AP/PA)	41-9574	95.50	\$105.05
9575	MXC-CHEST-DECUB-BILAT(PANEL)	41-9575	118.70	\$130.57
9577	MXC-CHEST-PA+LAT+OBLIQUES	41-9577	113.00	\$124.30
9578	MXC-CLAVICLE-LEFT	41-9578	101.85	\$112.04
9579	MXC-CLAVICLE-RIGHT	41-9579	101.85	\$112.04
9580	MXC-ELBOW-LEFT-3-VIEWS	41-9580	105.75	\$116.33
9581	MXC-ELBOW-RIGHT-3-VIEWS	41-9581	105.75	\$116.33
9584	MXC-FACIAL-BONES-3-TO-4-VIEWS	41-9584	108.75	\$119.63
9585	MXC-FEMUR-LEFT-2-VIEWS	41-9585	120.40	\$132.44
9586	MXC-FEMUR-RIGHT-2-VIEWS	41-9586	120.40	\$132.44
9587	MXC-FINGER(S)-LEFT-MIN-2-VIEWS	41-9587	100.90	\$110.99
9588	MXC-FINGER(S)-RIGHT-MIN-2-VIEWS	41-9588	100.90	\$110.99
9589	MXC-FOOT-LEFT-3-VIEWS	41-9589	105.75	\$116.33
9590	MXC-FOOT-RIGHT-3-VIEWS	41-9590	105.75	\$116.33
9591	MXC-FOREARM-LEFT-2-VIEWS	41-9591	105.75	\$116.33
9592	MXC-FOREARM-RIGHT-2-VIEWS	41-9592	105.75	\$116.33
9593	MXC-GENITALIA-PENIS	41-9593	90.00	\$99.00
9596	MXC-HAND-3-VIEWS-LEFT	41-9596	100.90	\$110.99
9597	MXC-HAND-3-VIEWS-RIGHT	41-9597	100.90	\$110.99
9598	MXC-HIP-LEFT-2-VIEWS-MINIMUM	41-9598	98.15	\$107.97
9599	MXC-HIP-RIGHT-2-VIEWS-MINIMUM	41-9599	98.15	\$107.97
9600	MXC-HUMERUS-LEFT-2-VIEWS-MINIMUM	41-9600	112.55	\$123.81
9601	MXC-HUMERUS-RIGHT-2-VIEWS-MINIMUM	41-9601	112.55	\$123.81
9604	MXC-KNEE-1-TO-2-VIEWS-LEFT	41-9604	100.90	\$110.99
9605	MXC-KNEE-1-TO-2-VIEWS-RIGHT	41-9605	100.90	\$110.99
9606	MXC-KNEE-3-VIEWS-LEFT	41-9606	110.65	\$121.72
9607	MXC-KNEE-3-VIEWS-RIGHT	41-9607	110.65	\$121.72
9608	MXC-KNEE-4-OR-MORE-VIEWS-LEFT	41-9608	112.55	\$123.81
9609	MXC-KNEE-4-OR-MORE-VIEWS-RIGHT	41-9609	112.55	\$123.81
9610	MXC-MANDIBLE-4-VIEWS-MINIMUM	41-9610	113.40	\$124.74
9611	MXC-MASTOIDS-COMPLETE	41-9611	127.10	\$139.81
9612	MXC-NASAL-BONES	41-9612	98.90	\$108.79
9614	MXC-ORBITS-4-VIEWS-MINIMUM	41-9614	105.75	\$116.33
9615	MXC-OS-CALCIS-HEEL-LEFT	41-9615	96.95	\$106.65
9616	MXC-OS-CALCIS-HEEL-RIGHT	41-9616	96.95	\$106.65
9617	MXC-PATELLA-LEFT	41-9617	101.85	\$112.04
9618	MXC-PATELLA-RIGHT	41-9618	101.85	\$112.04
9619	MXC-PELVIS-1-TO-2-VIEWS	41-9619	100.15	\$110.17
9620	MXC-PELVIS-AP-W/UNI-HIP	41-9620	112.45	\$123.70
9622	MXC-RIBS-BILATERAL+PA-CHEST	41-9622	145.65	\$160.22
9623	MXC-RIBS-LEFT+PA-CHEST	41-9623	134.90	\$148.39

Contractor Initials: SJS  
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**Exhibit B-1 Fee Schedule**

9624 MXC-RIBS-RIGHT+PA-CHEST	Contract Level 3	41-9624	134.90	\$148.39
9625 MXC-SACROILIAC(SI)JOINTS	Contract Level 3	41-9625	113.00	\$124.30
9626 MXC-SACRUM-AND-COCCYX-2-VIEW-MIN	Contract Level 3	41-9626	113.80	\$125.18
9627 MXC-SC-JOINT(S)	Contract Level 3	41-9627	108.30	\$119.13
9628 MXC-SCAPULA-LEFT	Contract Level 3	41-9628	105.75	\$116.33
9629 MXC-SCAPULA-RIGHT	Contract Level 3	41-9629	105.75	\$116.33
9630 MXC-SHOULDER-AC-JOINTS-BILAT	Contract Level 3	41-9630	120.00	\$132.00
9631 MXC-SHOULDER-LEFT	Contract Level 3	41-9631	107.80	\$118.58
9632 MXC-SHOULDER-RIGHT	Contract Level 3	41-9632	107.80	\$118.58
9633 MXC-SINUSES-3-VIEWS-MINIMUM	Contract Level 3	41-9633	117.00	\$128.70
9635 MXC-SKULL-LESS-THAN-4-VIEWS	Contract Level 3	41-9635	100.05	\$110.06
9636 MXC-SKULL-4-VIEWS-MINIMUM	Contract Level 3	41-9636	105.65	\$116.22
9638 MXC-SPINE-CERV-W/FLEX-AND/OR-EXT	Contract Level 3	41-9638	99.75	\$109.73
9639 MXC-SPINE-CERVICAL-1-VIEW	Contract Level 3	41-9639	96.75	\$106.43
9641 MXC-SPINE-CERVICAL-2-TO-3-VIEWS	Contract Level 3	41-9641	105.75	\$116.33
9642 MXC-SPINE-CERVICAL-4-VIEWS	Contract Level 3	41-9642	119.35	\$131.29
9643 MXC-NECK/SOFT-TISSUE	Contract Level 3	41-9643	105.75	\$116.33
9644 MXC-SPINE-LUMBAR-1-VIEW	Contract Level 3	41-9644	101.85	\$112.04
9645 MXC-SPINE-LUMBAR-2-TO-3-VIEWS	Contract Level 3	41-9645	115.40	\$126.94
9646 MXC-SPINE-LUMBAR-4-VIEWS-MINIMUM	Contract Level 3	41-9646	134.90	\$148.39
9648 MXC-SPINE-THORACIC-2-VIEWS	Contract Level 3	41-9648	124.65	\$137.12
9649 MXC-SPINE-THORACIC-1-VIEW	Contract Level 3	41-9649	101.85	\$112.04
9650 MXC-SPINE-THORACIC-AP+LAT-W/OBL	Contract Level 3	41-9650	133.85	\$147.24
9651 MXC-STERNUM	Contract Level 3	41-9651	107.80	\$118.58
9652 MXC-TEMPOROMANDIBULAR-JOINTS	Contract Level 3	41-9652	108.30	\$119.13
9653 MXC-TIB/FIB-LOWER-LEG-LEFT	Contract Level 3	41-9653	112.55	\$123.81
9654 MXC-TIB/FIB-LOWER-LEG-RIGHT	Contract Level 3	41-9654	123.10	\$135.41
9655 MXC-TOES-FOOT-LEFT	Contract Level 3	41-9655	105.75	\$116.33
9656 MXC-TOES-FOOT-RIGHT	Contract Level 3	41-9656	105.75	\$116.33
9659 MXC-WRIST-LEFT-3-VIEWS-MINIMUM	Contract Level 3	41-9659	100.90	\$110.99
9660 MXC-WRIST-RIGHT-3-VIEWS-MINIMUM	Contract Level 3	41-9660	100.90	\$110.99
9661 MXC-WRIST-LEFT-WITH-NAVICULAR	Contract Level 3	41-9661	108.75	\$119.63
9662 MXC-WRIST-RIGHT-WITH-NAVICULAR	Contract Level 3	41-9662	108.75	\$119.63
9671 MXC-CHEST-DECUB-LT	Contract Level 3	41-9671	101.75	\$111.93
9672 MXC-SPINE-LUMBAR-FLEX+EXT-4VIEW	Contract Level 3	41-9672	115.40	\$126.94

Contractor Initials: SJS  
 Date: 3/29/18



**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;



- 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.



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 (EEOP):** The Contractor will provide an Equal Employment Opportunity Plan (EEOP) 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



more employees, it will maintain a current EEO on file and submit an EEO Certification Form to the OCR, certifying that its EEO 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 EEO Certification Form to the OCR certifying it is not required to submit or maintain an EEO. Non-profit organizations, Indian Tribes, and medical and educational institutions are exempt from the EEO requirement, but are required to submit a certification form to the OCR to claim the exemption. EEO 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



- 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.





**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. The Division reserves the right to renew the Contract for up to four (4) additional years, subject to the continued availability of funds, satisfactory performance of services and approval by the Governor and Executive Council.



**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



- 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:

3/29/18  
Date

Scott W. Sloane  
Name: Scott W. Sloane  
Title: CFO



**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-1.)
3. The undersigned shall require that the language of this certification be included in the award document for sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

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

Contractor Name:

3/29/18  
Date

Scott W. Sloane  
Name: Scott W. Sloane  
Title: CFO



**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



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 (l)(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:

3/29/18  
Date

Scott W. Sloane  
Name: Scott W. Sloane  
Title: CFO



**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

Contractor Initials   SWS  

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

New Hampshire Department of Health and Human Services  
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:

3/29/18  
Date

Scott W. Sloane  
Name: Scott W. Sloane  
Title: CFO

Exhibit G

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

Contractor Initials SS

Date 3/29/18





**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:

Date 3/29/18

Scott W. Sloane  
Name: Scott W. Sloane  
Title: CFO



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.



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. 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.

Department of Health and Human Services  
The State

Lori Shibinette  
Signature of Authorized Representative

Lori Shibinette  
Name of Authorized Representative

CEO - NHH  
Title of Authorized Representative

4/3/18  
Date

Concord Hospital  
Name of the Contractor

Scott W. Sloane  
Signature of Authorized Representative

Scott W. Sloane  
Name of Authorized Representative

CFO  
Title of Authorized Representative

3/29/18  
Date



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

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

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

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

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

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

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

Contractor Name:

3/29/18  
Date

Scott W. Stare  
Name: Scott W. Stare  
Title: CFO





**FORM A**

As the Contractor identified in Section 1.3 of the General Provisions, I certify that the responses to the below listed questions are true and accurate.

1. The DUNS number for your entity is: 07-3977349
2. In your business or organization's preceding completed fiscal year, did your business or organization receive (1) 80 percent or more of your annual gross revenue in U.S. federal contracts, subcontracts, loans, grants, sub-grants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

NO                       YES

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

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

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

NO                       YES

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

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

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

Name: _____	Amount: _____
Name: _____	Amount: _____
Name: _____	Amount: _____
Name: _____	Amount: _____
Name: _____	Amount: _____



Exhibit K

DHHS Information Security Requirements

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A. Definitions

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

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

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

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



Exhibit K

DHHS Information Security Requirements

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consent. Incidents include the loss of data through theft or device misplacement, loss or misplacement of hardcopy documents, and misrouting of physical or electronic mail, all of which may have the potential to put the data at risk of unauthorized access, use, disclosure, modification or destruction.

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

**I. RESPONSIBILITIES OF DHHS AND THE CONTRACTOR**

**A. Business Use and Disclosure of Confidential Information.**

1. The Contractor must not use, disclose, maintain or transmit Confidential Information except as reasonably necessary as outlined under this Contract. Further, Contractor, including but not limited to all its directors, officers, employees and agents, must not



Exhibit K

DHHS Information Security Requirements

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use, disclose, maintain or transmit PHI in any manner that would constitute a violation of the Privacy and Security Rule.

2. The Contractor must not disclose any Confidential Information in response to a request for disclosure on the basis that it is required by law, in response to a subpoena, etc., without first notifying DHHS so that DHHS has an opportunity to consent or object to the disclosure.
3. If DHHS notifies the Contractor that DHHS has agreed to be bound by additional restrictions over and above those uses or disclosures or security safeguards of PHI pursuant to the Privacy and Security Rule, the Contractor must be bound by such additional restrictions and must not disclose PHI in violation of such additional restrictions and must abide by any additional security safeguards.
4. The Contractor agrees that DHHS Data or derivative there from disclosed to an End User must only be used pursuant to the terms of this Contract.
5. The Contractor agrees DHHS Data obtained under this Contract may not be used for any other purposes that are not indicated in this Contract.
6. The Contractor agrees to grant access to the data to the authorized representatives of DHHS for the purpose of inspecting to confirm compliance with the terms of this Contract.

**II. METHODS OF SECURE TRANSMISSION OF DATA**

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



Exhibit K

DHHS Information Security Requirements

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7. Laptops and PDA. If End User is employing portable devices to transmit Confidential Data said devices must be encrypted and password-protected.
8. Open Wireless Networks. End User may not transmit Confidential Data via an open wireless network. End User must employ a virtual private network (VPN) when remotely transmitting via an open wireless network.
9. Remote User Communication. If End User is employing remote communication to access or transmit Confidential Data, a virtual private network (VPN) must be installed on the End User's mobile device(s) or laptop from which information will be transmitted or accessed.
10. SSH File Transfer Protocol (SFTP), also known as Secure File Transfer Protocol. If End User is employing an SFTP to transmit Confidential Data, End User will structure the Folder and access privileges to prevent inappropriate disclosure of information. SFTP folders and sub-folders used for transmitting Confidential Data will be coded for 24-hour auto-deletion cycle (i.e. Confidential Data will be deleted every 24 hours).
11. Wireless Devices. If End User is transmitting Confidential Data via wireless devices, all data must be encrypted to prevent inappropriate disclosure of information.

**III. RETENTION AND DISPOSITION OF IDENTIFIABLE RECORDS**

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

A. Retention

1. The Contractor agrees it will not store, transfer or process data collected in connection with the services rendered under this Contract outside of the United States. This physical location requirement shall also apply in the implementation of cloud computing, cloud service or cloud storage capabilities, and includes backup data and Disaster Recovery locations.
2. The Contractor agrees to ensure proper security monitoring capabilities are in place to detect potential security events that can impact State of NH systems and/or Department confidential information for contractor provided systems.
3. The Contractor agrees to provide security awareness and education for its End Users in support of protecting Department confidential information.
4. The Contractor agrees to retain all electronic and hard copies of Confidential Data in a secure location and identified in section IV. A.2



Exhibit K

DHHS Information Security Requirements

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5. The Contractor agrees Confidential Data stored in a Cloud must be in a FedRAMP/HITECH compliant solution and comply with all applicable statutes and regulations regarding the privacy and security. All servers and devices must have currently-supported and hardened operating systems, the latest anti-viral, anti-hacker, anti-spam, anti-spyware, and anti-malware utilities. The environment, as a whole, must have aggressive intrusion-detection and firewall protection.
6. The Contractor agrees to and ensures its complete cooperation with the State's Chief Information Officer in the detection of any security vulnerability of the hosting infrastructure.

B. Disposition

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

IV. PROCEDURES FOR SECURITY

- A. Contractor agrees to safeguard the DHHS Data received under this Contract, and any derivative data or files, as follows:



1. The Contractor will maintain proper security controls to protect Department confidential information collected, processed, managed, and/or stored in the delivery of contracted services.
2. The Contractor will maintain policies and procedures to protect Department confidential information throughout the information lifecycle, where applicable, (from creation, transformation, use, storage and secure destruction) regardless of the media used to store the data (i.e., tape, disk, paper, etc.).
3. The Contractor will maintain appropriate authentication and access controls to contractor systems that collect, transmit, or store Department confidential information where applicable.
4. The Contractor will ensure proper security monitoring capabilities are in place to detect potential security events that can impact State of NH systems and/or Department confidential information for contractor provided systems.
5. The Contractor will provide regular security awareness and education for its End Users in support of protecting Department confidential information.
6. If the Contractor will be sub-contracting any core functions of the engagement supporting the services for State of New Hampshire, the Contractor will maintain a program of an internal process or processes that defines specific security expectations, and monitoring compliance to security requirements that at a minimum match those for the Contractor, including breach notification requirements.
7. The Contractor will work with the Department to sign and comply with all applicable State of New Hampshire and Department system access and authorization policies and procedures, systems access forms, and computer use agreements as part of obtaining and maintaining access to any Department system(s). Agreements will be completed and signed by the Contractor and any applicable sub-contractors prior to system access being authorized.
8. If the Department determines the Contractor is a Business Associate pursuant to 45 CFR 160.103, the Contractor will execute a HIPAA Business Associate Agreement (BAA) with the Department and is responsible for maintaining compliance with the agreement.
9. The Contractor will work with the Department at its request to complete a System Management Survey. The purpose of the survey is to enable the Department and Contractor to monitor for any changes in risks, threats, and vulnerabilities that may occur over the life of the Contractor engagement. The survey will be completed annually, or an alternate time frame at the Departments discretion with agreement by the Contractor, or the Department may request the survey be completed when the



Exhibit K

DHHS Information Security Requirements

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- scope of the engagement between the Department and the Contractor changes.
10. The Contractor will not store, knowingly or unknowingly, any State of New Hampshire or Department data offshore or outside the boundaries of the United States unless prior express written consent is obtained from the Information Security Office leadership member within the Department.
  11. Data Security Breach Liability. In the event of any security breach Contractor shall make efforts to investigate the causes of the breach, promptly take measures to prevent future breach and minimize any damage or loss resulting from the breach. The State shall recover from the Contractor all costs of response and recovery from the breach, including but not limited to: credit monitoring services, mailing costs and costs associated with website and telephone call center services necessary due to the breach.
  12. Contractor must, comply with all applicable statutes and regulations regarding the privacy and security of Confidential Information, and must in all other respects maintain the privacy and security of PI and PHI at a level and scope that is not less than the level and scope of requirements applicable to federal agencies, including, but not limited to, provisions of the Privacy Act of 1974 (5 U.S.C. § 552a), DHHS Privacy Act Regulations (45 C.F.R. §5b), HIPAA Privacy and Security Rules (45 C.F.R. Parts 160 and 164) that govern protections for individually identifiable health information and as applicable under State law.
  13. Contractor agrees to establish and maintain appropriate administrative, technical, and physical safeguards to protect the confidentiality of the Confidential Data and to prevent unauthorized use or access to it. The safeguards must provide a level and scope of security that is not less than the level and scope of security requirements established by the State of New Hampshire, Department of Information Technology. Refer to Vendor Resources/Procurement at <https://www.nh.gov/doi/vendor/index.htm> for the Department of Information Technology policies, guidelines, standards, and procurement information relating to vendors.
  14. Contractor agrees to maintain a documented breach notification and incident response process. The Contractor will notify the State's Privacy Officer, and additional email addresses provided in this section, of any security breach within two (2) hours of the time that the Contractor learns of its occurrence. This includes a confidential information breach, computer security incident, or suspected breach which affects or includes any State of New Hampshire systems that connect to the State of New Hampshire network.
  15. Contractor must restrict access to the Confidential Data obtained under this Contract to only those authorized End Users who need such DHHS Data to perform their official duties in connection with purposes identified in this Contract.
  16. The Contractor must ensure that all End Users:

SWS

3/29/16





Exhibit K

DHHS Information Security Requirements

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- a. comply with such safeguards as referenced in Section IV A. above, implemented to protect Confidential Information that is furnished by DHHS under this Contract from loss, theft or inadvertent disclosure.
- b. safeguard this information at all times.
- c. ensure that laptops and other electronic devices/media containing PHI, PI, or PFI are encrypted and password-protected.
- d. send emails containing Confidential Information only if encrypted and being sent to and being received by email addresses of persons authorized to receive such information.
- e. limit disclosure of the Confidential Information to the extent permitted by law.
- f. Confidential Information received under this Contract and individually identifiable data derived from DHHS Data, must be stored in an area that is physically and technologically secure from access by unauthorized persons during duty hours as well as non-duty hours (e.g., door locks, card keys, biometric identifiers, etc.).
- g. only authorized End Users may transmit the Confidential Data, including any derivative files containing personally identifiable information, and in all cases, such data must be encrypted at all times when in transit, at rest, or when stored on portable media as required in section IV above.
- h. in all other instances Confidential Data must be maintained, used and disclosed using appropriate safeguards, as determined by a risk-based assessment of the circumstances involved.
- i. understand that their user credentials (user name and password) must not be shared with anyone. End Users will keep their credential information secure. This applies to credentials used to access the site directly or indirectly through a third party application.

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

**V. LOSS REPORTING**

The Contractor must notify the State's Privacy Officer, Information Security Office and Program Manager of any Security Incidents and Breaches within two (2) hours of the time that the Contractor learns of their occurrence.



Exhibit K

DHHS Information Security Requirements

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

1. Identify Incidents;
2. Determine if personally identifiable information is involved in Incidents;
3. Report suspected or confirmed Incidents as required in this Exhibit or P-37;
4. Identify and convene a core response group to determine the risk level of Incidents and determine risk-based responses to Incidents; and
5. Determine whether Breach notification is required, and, if so, identify appropriate Breach notification methods, timing, source, and contents from among different options, and bear costs associated with the Breach notice as well as any mitigation measures.

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

**VI. PERSONS TO CONTACT**

A. DHHS contact program and policy:

(Insert Office or Program Name)

(Insert Title)

DHHS-Contracts@dhhs.nh.gov

B. DHHS contact for Data Management or Data Exchange issues:

DHHSInformationSecurityOffice@dhhs.nh.gov

C. DHHS contacts for Privacy issues:

DHHSPrivacyOfficer@dhhs.nh.gov

D. DHHS contact for Information Security issues:

DHHSInformationSecurityOffice@dhhs.nh.gov

E. DHHS contact for Breach notifications:

DHHSInformationSecurityOffice@dhhs.nh.gov

DHHSPrivacy.Officer@dhhs.nh.gov

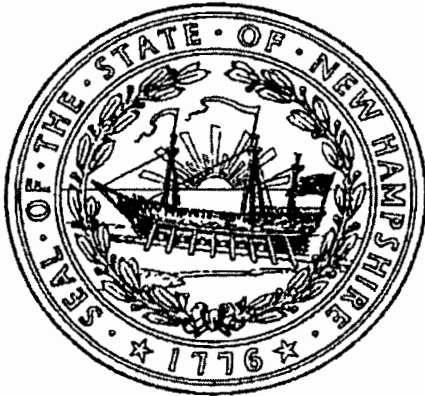
# State of New Hampshire

## Department of State

### CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that CONCORD HOSPITAL, INC. is a New Hampshire Nonprofit Corporation registered to transact business in New Hampshire on January 29, 1985. I further certify that all fees and documents required by the Secretary of State's office have been received and is in good standing as far as this office is concerned.

Business ID: 74948



IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed  
the Seal of the State of New Hampshire,  
this 21st day of April A.D. 2017.

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

William M. Gardner  
Secretary of State

**CERTIFICATE**

I, William Chapman, Secretary of Concord Hospital, Inc. do hereby certify:

- 1) I maintain and have custody of and am familiar with the seal and minute books of the corporation;
- 2) I am authorized to issue certificates with respect to the contents of such books and to affix such seal to such certificates;
- 3) The following is a true and complete copy of the resolution adopted by the board of trustees of the corporation at a meeting of that board on March 21, 2005 which meeting was held in accordance with the law of the state of incorporation and the bylaws of the corporation:

*The motion was made, seconded and the Board unanimously voted that the powers and duties of the President shall include the execution of all contracts and other legal documents on behalf of the corporation, unless some other person is specifically so designated by the Board, by law, or pursuant to the administrative policy addressing contract and expenditure approval levels.*

- 4) the foregoing resolution is in full force and effect, unamended, as of the date hereof; and
- 5) the following persons lawfully occupy the offices indicated below:

Robert P. Steigmeyer, President  
 Scott W. Sloane, Chief Financial Officer

IN WITNESS WHEREOF, I have hereunto set my hand as the Secretary of the Corporation this 29<sup>th</sup> day of March, 2018.

(Corporate seal)

William Chapman  
Secretary

State of: NH

County of: Merrimack

On this, the 29<sup>th</sup> day of March, 2018, before me a notary public, the undersigned officer, personally appeared William Chapman, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he/she executed the same for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal.



Kathleen G Devontagne  
Notary Public

My Commission expires: 11/18/2020





CAPIREG-01

DMCDONALD

# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

10/31/2017

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 License # 1780862</b> <b>HUB International New England</b> 100 Central Street Suite 201 Holliston, MA 01746	<b>CONTACT NAME: Dan McDonald</b> <b>PHONE (A/C, No, Ext): (508) 808-7293</b> <b>FAX (A/C, No): (866) 235-7129</b> <b>E-MAIL ADDRESS: dan.mcdonald@hubinternational.com</b>	
<b>INSURER(S) AFFORDING COVERAGE</b>		<b>NAIC #</b>
<b>INSURER A : Safety National Casualty Corporation</b>		<b>15105</b>
<b>INSURER B :</b>		
<b>INSURER C :</b>		
<b>INSURER D :</b>		
<b>INSURER E :</b>		
<b>INSURER F :</b>		

**INSURED**  
**Capital Region Healthcare Corporation**  
**Concord Hospital**  
**250 Pleasant Street**  
**Concord, NH 03301**

**COVERAGES****CERTIFICATE NUMBER:****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 INSD	SUBR 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  GENL 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/OP AGG \$ \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
<b>A</b>	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> If yes, describe under DESCRIPTION OF OPERATIONS below	<b>Y/N</b> <input type="checkbox"/>	<b>N/A</b>	<b>SP4057691</b>	<b>10/01/2017</b>	<b>10/01/2018</b>	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ <b>1,000,000</b> E.L. DISEASE - EA EMPLOYEE \$ <b>1,000,000</b> E.L. DISEASE - POLICY LIMIT \$ <b>1,000,000</b>

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

**CERTIFICATE HOLDER****CANCELLATION**

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

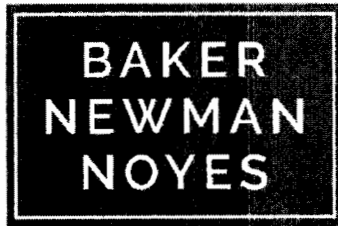
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

# Concord Hospital Mission Statement

Concord Hospital is a charitable organization which exists to meet the health needs of individuals within the communities it serves.

It is the established policy of Concord Hospital to provide services on the sole basis of the medical necessity of such services as determined by the medical staff without reference to race, color, ethnicity, national origin, sexual orientation, marital status, religion, age, gender, disability, or inability to pay for such services.



**Concord Hospital, Inc.  
and Subsidiaries**

Audited Consolidated Financial Statements  
and Additional Information

*Years Ended September 30, 2017 and 2016  
With Independent Auditors' Report*



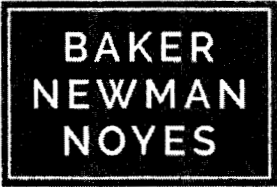
# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## Audited Consolidated Financial Statements and Additional Information

Years Ended September 30, 2017 and 2016

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Concord Hospital, Inc.

We have audited the accompanying consolidated financial statements of Concord Hospital, Inc. and Subsidiaries (the System), which comprise the consolidated balance sheets as of September 30, 2017 and 2016, and the related consolidated statements of operations, 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, 2017 and 2016, and the results of its operations, 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.

*Baker Newman Noyes LLC*

Manchester, New Hampshire  
December 1, 2017

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

September 30, 2017 and 2016

ASSETS  
(In thousands)

	<u>2017</u>	<u>2016</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 3,799	\$ 6,555
Short-term investments	7,552	19,512
Accounts receivable, less allowance for doubtful accounts of \$11,234 in 2017 and \$9,858 in 2016	51,344	52,693
Due from affiliates	634	270
Supplies	1,777	1,262
Prepaid expenses and other current assets	<u>5,855</u>	<u>4,760</u>
Total current assets	70,961	85,052
<b>Assets whose use is limited or restricted:</b>		
Board designated	290,686	260,287
Funds held by trustee for workers' compensation reserves and self-insurance escrows	16,515	14,328
Donor-restricted funds and restricted grants	<u>40,350</u>	<u>37,517</u>
Total assets whose use is limited or restricted	347,551	312,132
<b>Other noncurrent assets:</b>		
Due from affiliates, net of current portion	1,223	1,615
Other assets	<u>15,052</u>	<u>11,848</u>
Total other noncurrent assets	16,275	13,463
<b>Property and equipment:</b>		
Land and land improvements	6,426	7,003
Buildings	190,585	179,824
Equipment	246,586	235,334
Construction in progress	<u>38,725</u>	<u>16,413</u>
	482,322	438,574
Less accumulated depreciation	<u>(305,312)</u>	<u>(282,034)</u>
Net property and equipment	<u>177,010</u>	<u>156,540</u>
	<u>\$ 611,797</u>	<u>\$ 567,187</u>

LIABILITIES AND NET ASSETS

(In thousands)

	<u>2017</u>	<u>2016</u>
Current liabilities:		
Short-term notes payable	\$ 15	\$ 459
Accounts payable and accrued expenses	39,611	30,104
Accrued compensation and related expenses	25,580	22,830
Accrual for estimated third-party payor settlements	27,382	22,459
Current portion of long-term debt	<u>8,822</u>	<u>8,570</u>
Total current liabilities	101,410	84,422
Long-term debt, net of current portion	76,501	85,399
Accrued pension and other long-term liabilities	<u>60,536</u>	<u>99,258</u>
Total liabilities	238,447	269,079
Net assets:		
Unrestricted	335,148	262,934
Temporarily restricted	17,800	15,293
Permanently restricted	<u>20,402</u>	<u>19,881</u>
Total net assets	373,350	298,108
	<u>\$ 611,797</u>	<u>\$ 567,187</u>

See accompanying notes.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

Years Ended September 30, 2017 and 2016  
(In thousands)

	<u>2017</u>	<u>2016</u>
Unrestricted revenue and other support:		
Net patient service revenue, net of contractual allowances and discounts	\$468,347	\$434,961
Provision for doubtful accounts	<u>(20,018)</u>	<u>(17,251)</u>
Net patient service revenue less provision for doubtful accounts	448,329	417,710
Other revenue	19,350	20,998
Disproportionate share revenue	12,717	7,800
Net assets released from restrictions for operations	<u>1,191</u>	<u>1,232</u>
Total unrestricted revenue and other support	481,587	447,740
Operating expenses:		
Salaries and wages	220,255	208,274
Employee benefits	56,889	55,298
Supplies and other	95,948	87,060
Purchased services	32,373	29,297
Professional fees	5,222	4,678
Depreciation and amortization	24,378	24,535
Medicaid enhancement tax	20,311	19,679
Interest expense	<u>2,918</u>	<u>3,700</u>
Total operating expenses	<u>458,294</u>	<u>432,521</u>
Income from operations	23,293	15,219
Nonoperating income:		
Unrestricted gifts and bequests	1,619	251
Investment income and other	<u>10,476</u>	<u>27,497</u>
Total nonoperating income	<u>12,095</u>	<u>27,748</u>
Excess of revenues and nonoperating income over expenses	\$ <u>35,388</u>	\$ <u>42,967</u>

See accompanying notes.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**

Years Ended September 30, 2017 and 2016  
(In thousands)

	<u>2017</u>	<u>2016</u>
Unrestricted net assets:		
Excess of revenues and nonoperating income over expenses	\$ 35,388	\$ 42,967
Net unrealized gains (losses) on investments	23,122	(5,098)
Net transfers from affiliates	498	189
Net assets released from restrictions used for purchases of property and equipment	108	1,331
Pension adjustment	<u>13,098</u>	<u>(24,836)</u>
Increase in unrestricted net assets	72,214	14,553
Temporarily restricted net assets:		
Restricted contributions and pledges	1,423	1,539
Restricted investment income	682	2,181
Contributions to affiliates and other community organizations	(163)	(184)
Net unrealized gains (losses) on investments	1,864	(540)
Net assets released from restrictions for operations	(1,191)	(1,232)
Net assets released from restrictions used for purchases of property and equipment	<u>(108)</u>	<u>(1,331)</u>
Increase in temporarily restricted net assets	2,507	433
Permanently restricted net assets:		
Restricted contributions and pledges	126	319
Unrealized gains on trusts administered by others	<u>395</u>	<u>118</u>
Increase in permanently restricted net assets	<u>521</u>	<u>437</u>
Increase in net assets	75,242	15,423
Net assets, beginning of year	<u>298,108</u>	<u>282,685</u>
Net assets, end of year	<u>\$373,350</u>	<u>\$298,108</u>

See accompanying notes.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years Ended September 30, 2017 and 2016  
(In thousands)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Increase in net assets	\$ 75,242	\$ 15,423
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Restricted contributions and pledges	(1,549)	(1,858)
Depreciation and amortization	24,378	24,535
Net realized and unrealized gains on investments	(29,975)	(19,808)
Bond premium and issuance cost amortization	(75)	(75)
Provision for doubtful accounts	20,018	17,251
Equity in earnings of affiliates, net	(5,812)	(6,170)
Loss on disposal of property and equipment	202	163
Pension adjustment	(13,098)	24,836
Changes in operating assets and liabilities:		
Accounts receivable	(18,669)	(14,840)
Supplies, prepaid expenses and other current assets	(1,610)	1,305
Other assets	(3,702)	2,352
Due from affiliates	28	441
Accounts payable and accrued expenses	(1,411)	362
Accrued compensation and related expenses	2,750	(4,212)
Accrual for estimated third-party payor settlements	4,923	8,136
Accrued pension and other long-term liabilities	<u>(25,624)</u>	<u>(7,266)</u>
Net cash provided by operating activities	26,016	40,575
Cash flows from investing activities:		
Increase in property and equipment, net	(34,132)	(32,533)
Purchases of investments	(66,306)	(120,966)
Proceeds from sales of investments	72,671	113,592
Equity distributions from affiliates	<u>6,310</u>	<u>5,778</u>
Net cash used by investing activities	<u>(21,457)</u>	<u>(34,129)</u>
Cash flows from financing activities:		
Payments on long-term debt	(8,571)	(8,338)
Change in short-term notes payable	(444)	(1,953)
Restricted contributions and pledges	<u>1,700</u>	<u>2,304</u>
Net cash used by financing activities	<u>(7,315)</u>	<u>(7,987)</u>
Net decrease in cash and cash equivalents	(2,756)	(1,541)
Cash and cash equivalents at beginning of year	<u>6,555</u>	<u>8,096</u>
Cash and cash equivalents at end of year	\$ <u>3,799</u>	\$ <u>6,555</u>

Supplemental disclosure:

At September 30, 2017, amounts totaling \$10,918 related to the purchase of property and equipment were included in accounts payable and accrued expenses.

See accompanying notes.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016  
(In thousands)

### 1. Description of Organization and Summary of Significant Accounting Policies

#### Organization

Concord Hospital, Inc., (the Hospital) located in Concord, New Hampshire, is a not-for-profit acute care hospital. The Hospital provides inpatient, outpatient, emergency care and physician services for residents within its geographic region. Admitting physicians are primarily practitioners in the local area. The Hospital is controlled by Capital Region Health Care Corporation (CRHC).

In 1985, the then Concord Hospital underwent a corporate reorganization in which it was renamed and became CRHC. At the same time, the Hospital was formed as a new entity. All assets and liabilities of the former hospital, now CRHC, with the exception of its endowments and restricted funds, were conveyed to the new hospital. The endowments were held by CRHC for the benefit of the Hospital, which is the true party in interest. Effective October 1, 1999, CRHC transferred these funds to the Hospital.

In March 2009, the Hospital created The Concord Hospital Trust (the Trust), a separately incorporated, not-for-profit organization to serve as the Hospital's philanthropic arm. In establishing the Trust, the Hospital transferred philanthropic permanent and temporarily restricted funds, including board designated funds, endowments, indigent care funds and specific purpose funds, to the newly formed organization together with the stewardship responsibility to direct monies available to support the Hospital's charitable mission and reflect the specific intentions of the donors who made these gifts. Concord Hospital and the Trust constitute the Obligated Group at September 30, 2017 and 2016 to certain debt described in Note 6.

Subsidiaries of the Hospital include:

Capital Region Health Care Development Corporation (CRHCDC) is a not-for-profit real estate corporation that owns and operates medical office buildings and other properties.

Capital Region Health Ventures Corporation (CRHVC) is a not-for-profit corporation that engages in health care delivery partnerships and joint ventures. It operates ambulatory surgery and diagnostic facilities in cooperation with other entities.

CH/DHC, Inc. d/b/a Dartmouth-Hitchcock-Concord (CH/DHC) is a not-for-profit corporation that provides clinical medical services through a multi-specialty group practice. CH/DHC was formed under a joint agreement between the Hospital and DH-Concord. The joint agreement terminated effective September 30, 2015.

The Hospital, its subsidiaries and the Trust are collectively referred to as the System. The consolidated financial statements include the accounts of the Hospital, the Trust, CRHCDC, CRHVC and CH/DHC. All significant intercompany balances and transactions have been eliminated in consolidation.



# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016  
(In thousands)

### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

#### 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Concentration of Credit Risk

Financial instruments which subject the Hospital to credit risk consist primarily of cash equivalents, accounts receivable and investments. The risk with respect to cash equivalents is minimized by the Hospital's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. The Hospital's accounts receivable are primarily due from third-party payors and amounts are presented net of expected contractual allowances and uncollectible amounts, including estimated uncollectible amounts from uninsured patients. The Hospital's investment portfolio consists of diversified investments, which are subject to market risk. The Hospital's investment in one fund, the Vanguard Institutional Index Fund, exceeded 10% of total Hospital investments as of September 30, 2017 and 2016.

#### Cash and Cash Equivalents

Cash and cash equivalents include money market funds and secured repurchase agreements with original maturities of three months or less, excluding assets whose use is limited or restricted.

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

#### Supplies

Supplies are carried at the lower of cost, determined on a weighted-average method, or net realizable value.

#### Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include assets held by trustees under workers' compensation reserves and self-insurance escrows, designated assets set aside by the Board of Trustees, over which the Board retains control and may, at its discretion, subsequently use for other purposes, and donor-restricted investments.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016  
(In thousands)

### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

#### Investments and Investment Income

Investments are carried at fair value in the accompanying consolidated balance sheets. Investment income (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues and nonoperating income over expenses unless the income is restricted by donor or law. Gains and losses on investments are computed on a specific identification basis. Unrealized gains and losses on investments are excluded from the excess of revenues and nonoperating income over expenses unless the investments are classified as trading securities or losses are considered other-than-temporary. Periodically, management reviews investments for which the market value has fallen significantly below cost and recognizes impairment losses where they believe the declines are other-than-temporary.

#### Beneficial Interest in Perpetual Trusts

The System has an irrevocable right to receive income earned on certain trust assets established for its benefit. Distributions received by the System are unrestricted. The System's interest in the fair value of the trust assets is included in assets whose use is limited and as permanently restricted net assets. Changes in the fair value of beneficial trust assets are reported as increases or decreases to permanently restricted net assets.

#### Investment Policies

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

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

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

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

Management of these assets is designed to increase, with minimum risk, the inflation adjusted principal and income of the endowment funds over the long term. The System targets a diversified asset allocation that places emphasis on achieving its long-term return objectives within prudent risk constraints.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016  
(In thousands)

### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

#### Spending Policy for Appropriation of Assets for Expenditure

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

Spending policies may be adopted by the System, from time to time, to provide a stream of funding for the support of key programs. The spending policies are structured in a manner to ensure that the purchasing power of the assets is maintained while providing the desired level of annual funding to the programs. The System has a current spending policy on various funds currently equivalent to 5% of twelve-quarter moving average of the funds' total market value.

#### 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 doubtful accounts. 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 doubtful accounts, 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 provision for doubtful accounts 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 for self-pay patients represented 71% and 70% of self-pay accounts receivable at September 30, 2017 and 2016, respectively. The total provision for the allowance for doubtful accounts was \$20,018 and \$17,251 for the years ended September 30, 2017 and 2016, respectively. The System also allocates a portion of the allowance and provision for doubtful accounts to charity care, which is not recorded as revenue. The System's self-pay bad debt writeoffs decreased \$1,345, from \$22,132 in 2016 to \$20,787 in 2017. The decrease in bad debt writeoffs between 2017 and 2016 was primarily a result of certain shifts in payor mix.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016  
(In thousands)

### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

#### Property and Equipment

Property and equipment is stated at cost at time of purchase, or at fair value at time of donation for assets contributed, less any reductions in carrying value for impairment and 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. Depreciation is computed using the straight-line method in a manner intended to amortize the cost of the related assets over their estimated useful lives. For the years ended September 30, 2017 and 2016, depreciation expense was \$24,378 and \$24,535, respectively.

The System has also capitalized certain costs associated with property and equipment not yet in service. Construction in progress includes amounts incurred related to major construction projects, other renovations, and other capital equipment purchased but not yet placed in service. During 2017, the Hospital capitalized \$509 of interest expense relating to various construction projects. There was no interest capitalized during 2016. At September 30, 2017, the Hospital has outstanding construction commitments totaling approximately \$70.5 million for a new parking garage, utility work and medical office building. Construction is expected to begin in the Spring of 2018.

Gifts of long-lived assets such as land, buildings or equipment are reported as unrestricted support, and are excluded from the excess of revenues and nonoperating income over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

#### Federal Grant Revenue and Expenditures

Revenues and expenses under federal grant programs are recognized as the grant expenditures are incurred.

#### Bond Issuance Costs/Original Issue Discount or Premium

Bond issuance costs incurred to obtain financing for construction and renovation projects and the original issue discount or premium are amortized to interest expense using the straight-line method, which approximates the effective interest method, over the life of the respective bonds. The original issue discount or premium and bond issuance costs are presented as a component of bonds payable.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016  
(In thousands)

### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

#### Charity Care

The System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates (Note 11). Because the System does not pursue collection of amounts determined to qualify as charity care, 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. Funds received from gifts and grants to subsidize charity services provided for the years ended September 30, 2017 and 2016 were approximately \$278 and \$330, respectively.

#### Temporarily and Permanently Restricted 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 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 as either net assets released from restrictions for operations (for noncapital related items) or as net assets released from restrictions used for purchases of property and equipment (capital related items). Permanently restricted net assets have been restricted by donors to be maintained in perpetuity.

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

#### 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, per diem payments and fee schedules. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Changes in these estimates are reflected in the financial statements in the year in which they occur. For the years ended September 30, 2017 and 2016, net patient service revenue in the accompanying consolidated statements of operations increased (decreased) by approximately \$1,300 and \$(500), respectively, due to actual settlements and changes in assumptions underlying estimated future third-party settlements.

Revenues from the Medicare and Medicaid programs accounted for approximately 32% and 5% and 31% and 6% of the Hospital's net patient service revenue for the years ended September 30, 2017 and 2016, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016  
(In thousands)

### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

The Hospital 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 Hospital provides a discount approximately equal to that of its largest private insurance payors. On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for doubtful accounts related to uninsured patients in the period the services are provided.

#### Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the System are reported at fair value at the date the promise is received. Conditional promises to give and intentions to give are reported at fair value at the date the condition is met. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of donated assets.

#### Excess of Revenues and Nonoperating Income Over Expenses

The System has deemed all activities as ongoing, major or central to the provision of health care services and, accordingly, they are reported as operating revenue and expenses, except for unrestricted contributions and pledges, the related philanthropy expenses and investment income which are recorded as nonoperating income.

The consolidated statements of operations also include excess of revenues and nonoperating income over expenses. Changes in unrestricted net assets which are excluded from excess of revenues and nonoperating income over expenses, consistent with industry practice, include the change in net unrealized gains and losses on investments other than trading securities or losses considered other than temporary, permanent transfers of assets to and from affiliates for other than goods and services, pension liability adjustments and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

#### Estimated Workers' Compensation and Health Care Claims

The provision for estimated workers' compensation and health care claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

#### Income Taxes

The Hospital, CRHCDC, CRHVC, CH/DHC and the Trust 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 had taken no uncertain tax positions that require adjustment to or disclosure in the accompanying consolidated financial statements.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016  
(In thousands)

### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

#### Advertising Costs

The System expenses advertising costs as incurred, and such costs totaled approximately \$217 and \$200 for the years ended September 30, 2017 and 2016, respectively.

#### Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the System expects to be entitled in exchange for those goods and services. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. ASU 2014-09 is effective for the System on October 1, 2018. ASU 2014-09 permits the use of either the retrospective or cumulative effect transition method. The System is evaluating the impact that ASU 2014-09 will have on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (ASU 2016-02). Under ASU 2016-02, at the commencement of a long-term lease, lessees will recognize a liability equivalent to the discounted payments due under the lease agreement, as well as an offsetting right-of-use asset. ASU 2016-02 is effective for the System on October 1, 2019, with early adoption permitted. Lessees (for capital and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees may not apply a full retrospective transition approach. The System is currently evaluating the impact of the pending adoption of ASU 2016-02 on the System's consolidated financial statements.

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

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016  
(In thousands)

### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)* (ASU 2016-18), which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 will be effective for the System's fiscal year ended September 30, 2019, and early adoption is permitted. ASU 2016-18 must be applied using a retrospective transition method. The System is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements.

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

#### Subsequent Events

Management of the System evaluated events occurring between the end of the System's fiscal year and December 1, 2017, the date the consolidated financial statements were available to be issued.

### 2. Transactions With Affiliates

The System provides funds to CRHC and its affiliates which are used for a variety of purposes. The System records the transfer of funds to CRHC and the other affiliates as either receivables or directly against net assets, depending on the intended use and repayment requirements of the funds. Generally, funds transferred for start-up costs of new ventures or capital related expenditures are recorded as charges against net assets. For the years ended September 30, 2017 and 2016, transfers made to CRHC were \$(114) and \$(129), respectively, and transfers received from Capital Region Health Services Corporation (CRHSC) were \$612 and \$318, respectively.

A brief description of affiliated entities is as follows:

- CRHSC is a for-profit provider of health care services, including an eye surgery center and assisted living facility.
- Concord Regional Visiting Nurse Association, Inc. and Subsidiary (CRVNA) provides home health care services.
- Riverbend, Inc. provides behavioral health services.



**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016  
(In thousands)

**2. Transactions With Affiliates (Continued)**

Amounts due the System, primarily from joint ventures, totaled \$1,857 and \$1,885 at September 30, 2017 and 2016, respectively. Amounts have been classified as current or long-term depending on the intentions of the parties involved. Beginning in 1999, the Hospital began charging interest on a portion of the receivables (\$810 and \$851 at September 30, 2017 and 2016, respectively) with principal and interest (6.75% at September 30, 2017) payments due monthly. Interest income amounted to \$52 and \$59 for the years ended September 30, 2017 and 2016, respectively.

Contributions to affiliates and other community organizations from temporarily restricted net assets were \$163 and \$184 in 2017 and 2016, respectively.

**3. Investments and Assets Whose Use is Limited or Restricted**

Short-term investments totaling \$7,552 and \$19,512 at September 30, 2017 and 2016, respectively, are comprised primarily of cash and cash equivalents. Assets whose use is limited or restricted are carried at fair value and consist of the following at September 30:

	<u>2017</u>	<u>2016</u>
Board designated funds:		
Cash and cash equivalents	\$ 3,582	\$ 625
Fixed income securities	22,805	25,139
Marketable equity and other securities	243,906	214,931
Inflation-protected securities	<u>20,393</u>	<u>19,592</u>
	290,686	260,287
Held by trustee for workers' compensation reserves:		
Fixed income securities	4,120	4,024
Health insurance and other escrow funds:		
Cash and cash equivalents	1,740	1,682
Fixed income securities	2,209	1,783
Marketable equity securities	<u>8,446</u>	<u>6,839</u>
	12,395	10,304
Donor-restricted funds and restricted grants:		
Cash and cash equivalents	5,937	5,189
Fixed income securities	1,848	2,075
Marketable equity securities	19,769	17,739
Inflation-protected securities	1,654	1,615
Trust funds administered by others	11,002	10,607
Other	<u>140</u>	<u>292</u>
	<u>40,350</u>	<u>37,517</u>
	<u>\$347,551</u>	<u>\$312,132</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016  
(In thousands)

**3. Investments and Assets Whose Use is Limited or Restricted (Continued)**

Included in marketable equity and other securities above are \$173,052 and \$133,944 at September 30, 2017 and 2016, respectively, in so called alternative investments and collective trust funds. See also Note 14.

Investment income, net realized gains and losses and net unrealized gains and losses on assets whose use is limited or restricted, cash and cash equivalents, and other investments are as follows at September 30:

	<u>2017</u>	<u>2016</u>
Unrestricted net assets:		
Interest and dividends	\$ 4,466	\$ 3,505
Investment income from trust funds administered by others	494	567
Net realized gains on sales of investments	<u>4,255</u>	<u>23,408</u>
	9,215	27,480
 Restricted net assets:		
Interest and dividends	343	261
Net realized gains on sales of investments	<u>339</u>	<u>1,920</u>
	<u>682</u>	<u>2,181</u>
	<u>\$ 9,897</u>	<u>\$ 29,661</u>
 Net unrealized gains (losses) on investments:		
Unrestricted net assets	\$23,122	\$ (5,098)
Temporarily restricted net assets	1,864	(540)
Permanently restricted net assets	<u>395</u>	<u>118</u>
	<u>\$25,381</u>	<u>\$ (5,520)</u>

In compliance with the System's spending policy, portions of investment income and related fees are recognized in other operating revenue on the accompanying consolidated statements of operations. Investment income reflected in other operating revenue was \$1,655 and \$1,695 in 2017 and 2016, respectively.

Investment management fees expensed and reflected in nonoperating income were \$851 and \$858 for the years ended September 30, 2017 and 2016, respectively.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016  
(In thousands)

**3. Investments and Assets Whose Use is Limited or Restricted (Continued)**

The following summarizes the Hospital's gross unrealized losses and fair values, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at September 30, 2017 and 2016:

	<u>Less Than 12 Months</u>		<u>12 Months or Longer</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
<u>2017</u>						
Marketable equity securities	\$36,725	\$ (740)	\$13,064	\$ (6,119)	\$49,789	\$ (6,859)
Fund-of-funds	22,720	(332)	—	—	22,720	(332)
Collective trust funds	<u>5,906</u>	<u>(94)</u>	<u>—</u>	<u>—</u>	<u>5,906</u>	<u>(94)</u>
	<u>\$65,351</u>	<u>\$ (1,166)</u>	<u>\$13,064</u>	<u>\$ (6,119)</u>	<u>\$78,415</u>	<u>\$ (7,285)</u>
<u>2016</u>						
Marketable equity securities	\$ 1,830	\$ (86)	\$26,503	\$ (9,538)	\$28,333	\$ (9,624)
Fund-of-funds	7,785	(215)	15,822	(990)	23,607	(1,205)
Collective trust funds	<u>—</u>	<u>—</u>	<u>18,156</u>	<u>(1,713)</u>	<u>18,156</u>	<u>(1,713)</u>
	<u>\$ 9,615</u>	<u>\$ (301)</u>	<u>\$60,481</u>	<u>\$ (12,241)</u>	<u>\$70,096</u>	<u>\$ (12,542)</u>

In evaluating whether investments have suffered an other-than-temporary decline, based on input from outside investment advisors, management evaluated the amount of the decline compared to cost, the length of time and extent to which fair value has been less than cost, the underlying creditworthiness of the issuer, the fair values exhibited during the year, estimated future fair values and the System's intent and ability to hold the security until a recovery in fair value or maturity. Based on evaluations of the underlying issuers' financial condition, current trends and economic conditions, management believes there are no securities that have suffered an other-than-temporary decline in value at September 30, 2017 and 2016.

**4. Defined Benefit Pension Plan**

The System has a noncontributory defined benefit pension plan (the Plan), covering all eligible employees of the System and subsidiaries. The Plan provides benefits based on an employee's years of service, age and the employee's compensation over those years. The System's funding policy is to contribute annually the amount needed to meet or exceed actuarially determined minimum funding requirements of the *Employee Retirement Income Security Act of 1974* (ERISA).

The System accounts for its defined benefit pension plan under ASC 715, *Compensation Retirement Benefits*. This Statement requires entities to recognize an asset or liability for the overfunded or underfunded status of their benefit plans in their financial statements.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2017 and 2016  
(In thousands)

**4. Defined Benefit Pension Plan (Continued)**

The following table summarizes the Plan's funded status at September 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Funded status:		
Fair value of plan assets	\$ 233,739	\$ 185,404
Projected benefit obligation	<u>(277,075)</u>	<u>(270,534)</u>
	\$ <u>(43,336)</u>	\$ <u>(85,130)</u>
Activities for the year consist of:		
Benefit payments and administrative expenses	\$ 16,256	\$ 9,230
Net periodic benefit cost	14,283	12,460

The table below presents details about the System's defined benefit pension plan, including its funded status, components of net periodic benefit cost, and certain assumptions used in determining the funded status and cost:

	<u>2017</u>	<u>2016</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$270,534	\$229,888
Service cost	10,510	9,836
Interest cost	10,662	10,761
Actuarial loss	1,625	29,279
Benefit payments and administrative expenses	<u>(16,256)</u>	<u>(9,230)</u>
Benefit obligation at end of year	\$ <u>277,075</u>	\$ <u>270,534</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$185,404	\$165,053
Actual return on plan assets	21,591	12,581
Employer contributions	43,000	17,000
Benefit payments and administrative expenses	<u>(16,256)</u>	<u>(9,230)</u>
Fair value of plan assets at end of year	\$ <u>233,739</u>	\$ <u>185,404</u>
Funded status and amount recognized in noncurrent liabilities at September 30	\$ <u>(43,336)</u>	\$ <u>(85,130)</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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**4. Defined Benefit Pension Plan (Continued)**

Amounts recognized as a change in unrestricted net assets during the years ended September 30, 2017 and 2016 consist of:

	<u>2017</u>	<u>2016</u>
Net actuarial (gain) loss	\$ (4,917)	\$ 30,715
Net amortized loss	(8,457)	(6,155)
Prior service credit amortization	<u>276</u>	<u>276</u>
 Total amount recognized	 \$ <u>(13,098)</u>	 \$ <u>24,836</u>

Pension Plan Assets

The fair values of the System's pension plan assets as of September 30, 2017 and 2016, by asset category are as follows (see Note 14 for level definitions). In accordance with ASU 2015-07, certain investments that are measured using the net value per share practical expedient have not been classified in the fair value hierarchy.

	<u>2017</u> <u>Level 1</u>	<u>2016</u> <u>Level 1</u>
Short-term investments:		
Money market funds	\$ 41,294	\$ 11,328
Equity securities:		
Common stocks	9,575	9,251
Mutual funds – international	8,214	13,879
Mutual funds – domestic	45,874	38,471
Mutual funds – natural resources	5,061	4,662
Mutual funds – inflation hedge	8,303	6,369
Fixed income securities:		
Mutual funds – REIT	415	449
Mutual funds – fixed income	<u>15,670</u>	<u>21,527</u>
	134,406	105,936
 Funds measured at net asset value:		
Equity securities:		
Funds-of-funds	67,299	47,879
Fixed income securities:		
Funds-of-funds	–	4,715
Collective trust funds	<u>32,034</u>	<u>26,874</u>
 Total investments at fair value	 \$ <u>233,739</u>	 \$ <u>185,404</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2017 and 2016  
(In thousands)

**4. Defined Benefit Pension Plan (Continued)**

The target allocation for the System's pension plan assets as of September 30, 2017 and 2016, by asset category are as follows:

	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Percentage of Plan Assets</u>	<u>Target Allocation</u>	<u>Percentage of Plan Assets</u>
Short-term investments	0-20%	18%	0-20%	6%
Equity securities	40-80%	62	40-80%	65
Fixed income securities	5-80%	7	5-80%	15
Other	0-30%	13	0-30%	14

The funds-of-funds are invested with ten investment managers and have various restrictions on redemptions. One manager holding amounts totaling approximately \$9 million at September 30, 2017 allows for semi-monthly redemptions, with 5 days' notice. One manager holding approximately \$8 million at September 30, 2017 allows for monthly redemptions, with 15 days' notice. Five managers holding amounts totaling approximately \$36 million at September 30, 2017 allow for quarterly redemptions, with notices ranging from 45 to 65 days. Two of the managers holding amounts of approximately \$10 million at September 30, 2017 allow for annual redemptions, with notice ranging from 60 to 90 days. One of the managers holding amounts of approximately \$5 million at September 30, 2017 allows for redemptions on a three year rolling basis, with a notice of 60 days. There is also a special redemption provision that allows 10% of the investment to be redeemed annually on March 1, with a notice of 30 days. The collective trust funds allow for monthly redemption, with notices ranging from 6 to 10 days. Certain funds also may include a fee estimated to be equal to the cost the fund incurs in converting investments to cash (ranging from 0.5% to 1.5%) or are subject to certain lock periods.

The System considers various factors in estimating the expected long-term rate of return on plan assets. Among the factors considered include the historical long-term returns on plan assets, the current and expected allocation of plan assets, input from the System's actuaries and investment consultants, and long-term inflation assumptions. The System's expected allocation of plan assets is based on a diversified portfolio consisting of domestic and international equity securities, fixed income securities, and real estate.

The System's investment policy for its pension plan is to balance risk and returns using a diversified portfolio consisting primarily of high quality equity and fixed income securities. To accomplish this goal, plan assets are actively managed by outside investment managers with the objective of optimizing long-term return while maintaining a high standard of portfolio quality and proper diversification. The System monitors the maturities of fixed income securities so that there is sufficient liquidity to meet current benefit payment obligations. The System's Investment Committee provides oversight of the plan investments and the performance of the investment managers.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016  
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**4. Defined Benefit Pension Plan (Continued)**

Amounts included in expense during fiscal 2017 and 2016 consist of:

	<u>2017</u>	<u>2016</u>
Components of net periodic benefit cost:		
Service cost	\$ 10,510	\$ 9,836
Interest cost	10,662	10,761
Expected return on plan assets	(15,627)	(14,016)
Amortization of prior service credit and loss	<u>8,738</u>	<u>5,879</u>
Net periodic benefit cost	<u>\$ 14,283</u>	<u>\$ 12,460</u>

The accumulated benefit obligations for the plan at September 30, 2017 and 2016 were \$261,601 and \$259,477, respectively.

	<u>2017</u>	<u>2016</u>
Weighted average assumptions to determine benefit obligation:		
Discount rate	4.29%	4.03%
Rate of compensation increase	3.00	2.00
Weighted average assumptions to determine net periodic benefit cost:		
Discount rate	4.03%	4.78%
Expected return on plan assets	7.75	7.75
Cash balance credit rate	5.00	5.00
Rate of compensation increase	2.00	2.00

In selecting the long-term rate of return on plan assets, the System considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of the plan. This included considering the plan's asset allocation and the expected returns likely to be earned over the life of the plan, as well as the historical returns on the types of assets held and the current economic environment.

The loss and prior service credit amount expected to be recognized in net periodic benefit cost in 2018 are as follows:

Actuarial loss	\$ 7,995
Prior service credit	<u>(276)</u>
	<u>\$ 7,719</u>

The System funds the pension plan and no contributions are made by employees. The System funds the plan annually by making a contribution of at least the minimum amount required by applicable regulations and as recommended by the System's actuary. However, the System may also fund the plan in excess of the minimum required amount.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016  
(In thousands)

### 4. Defined Benefit Pension Plan (Continued)

Cash contributions in subsequent years will depend on a number of factors including performance of plan assets. However, the System expects to fund \$16,000 in cash contributions to the plan for the 2018 plan year.

Benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

<u>Year Ended September 30</u>	<u>Pension Benefits</u>
2018	\$ 12,505
2019	13,463
2020	15,149
2021	16,495
2022	17,343
2023 – 2027	100,134

### 5. Estimated Third-Party Payor Settlements

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

#### Medicare

Inpatient and outpatient services rendered to Medicare program beneficiaries are primarily paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical diagnosis and other factors. In addition to this, the System is also reimbursed for medical education and other items which require cost settlement and retrospective review by the fiscal intermediary. Accordingly, the System files an annual cost report with the Medicare program after the completion of each fiscal year to report activity applicable to the Medicare program and to determine any final settlements.

The physician practices are reimbursed on a fee screen basis.

#### Medicaid Enhancement Tax and Disproportionate Share Payment

Under the State of New Hampshire's (the State) tax code, the State imposes a Medicaid Enhancement Tax (MET) equal to 5.40% and 5.45% of net patient service revenues in State fiscal years 2017 and 2016, respectively. The amount of tax incurred by the System for 2017 and 2016 was \$20,311 and \$19,679, respectively.



## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016  
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#### 5. Estimated Third-Party Payor Settlements (Continued)

In the fall of 2010, in order to remain in compliance with stated federal regulations, the State of New Hampshire adopted a new approach related to Medicaid disproportionate share funding (DSH) retroactive to July 1, 2010. Unlike the former funding method, the State's approach led to a payment that was not directly based on, and did not equate to, the level of tax imposed. As a result, the legislation created some level of losses at certain New Hampshire hospitals, while other hospitals realized gains. DSH payments from the State are recorded within unrestricted revenue and other support and amounted to \$12,717 in 2017 and \$7,800 in 2016, net of reserves referenced below.

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

#### Medicaid

Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under fee schedules and cost reimbursement methodologies subject to various limitations or discounts. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid program.

The physician practices are reimbursed on a fee screen basis.

#### Other

The System has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the System under these agreements includes prospectively determined rates per discharge, discounts from established charges, fee schedules, and prospectively determined rates.

The accrual for estimated third-party payor settlements reflected on the accompanying consolidated balance sheets represents the estimated net amounts to be paid under reimbursement contracts with the Centers for Medicare and Medicaid Services (Medicare), the New Hampshire Department of Welfare (Medicaid) and any commercial payors with settlement provision. Settlements for the Hospital have been finalized through 2014 for Medicare and Medicaid.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2017 and 2016  
(In thousands)

**6. Long-Term Debt and Notes Payable**

Long-term debt consists of the following at September 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
2.0% to 5.0% New Hampshire Health and Education Facilities Authority (NHHEFA) Revenue Bonds, Concord Hospital Issue, Series 2013A; due in annual installments, including principal and interest ranging from \$1,543 to \$3,555 through 2043, including unamortized original issue premium of \$3,066 in 2017 and \$3,187 in 2016	\$ 43,091	\$ 44,332
1.71% fixed rate NHHEFA Revenue Bonds, Concord Hospital Issue, Series 2013B; due in annual installments, including principal and interest ranging from \$1,860 to \$3,977 through 2024	16,786	20,436
1.3% to 5.6% NHHEFA Revenue Bonds, Concord Hospital Issue, Series 2011; due in annual installments, including principal and interest ranging from \$2,737 to \$5,201 through 2026, including unamortized original issue premium of \$175 in 2017 and \$194 in 2016	<u>26,289</u>	<u>30,109</u>
	86,166	94,877
Less unamortized bond issuance costs	(843)	(908)
Less current portion	<u>(8,822)</u>	<u>(8,570)</u>
	<u>\$ 76,501</u>	<u>\$ 85,399</u>

In February 2013, \$48,631 (including an original issue premium of \$3,631) of NHHEFA Revenue Bonds, Concord Hospital Issue, Series 2013A, were issued to assist in the funding of a significant facility improvement project and to advance refund the Series 2001 NHHEFA Hospital Revenue Bonds. The facility improvement project included enhancements to the System's power plant, renovation of certain nursing units, expansion of the parking capacity at the main campus and various other routine capital expenditures and miscellaneous construction, renovation and improvements of the System's facilities.

In March 2011, \$49,795 of NHHEFA Revenue Bonds, Concord Hospital Issue, Series 2011, were issued to assist in the funding of a significant facility improvement project and pay off the Series 1996 Revenue Bonds. The project included expansion and renovation of various Hospital departments, infrastructure upgrades, and acquisition of capital equipment.

Substantially all the property and equipment relating to the aforementioned construction and renovation projects, as well as subsequent property and equipment additions thereto, and a mortgage lien on the facility, are pledged as collateral for the Series 2011 and 2013A and B Revenue Bonds. In addition, the gross receipts of the Hospital are pledged as collateral for the Series 2011 and 2013A and B Revenue Bonds. The most restrictive financial covenants require a 1.10 to 1.0 ratio of aggregate income available for debt service to total annual debt service and a day's cash on hand ratio of 75 days. The Hospital was in compliance with its debt covenants at September 30, 2017 and 2016.

The obligations of the Hospital under the Series 2013A and B and Series 2011 Revenue Bond Indentures are not guaranteed by any of the subsidiaries or affiliated entities.

Interest paid on long-term debt amounted to \$4,010 (including capitalized interest of \$509) and \$3,731 for the years ended September 30, 2017 and 2016, respectively.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 6. Long-Term Debt and Notes Payable (Continued)

The aggregate principal payments on long-term debt for the next five fiscal years ending September 30 and thereafter are as follows:

2018	\$ 8,822
2019	9,061
2020	7,385
2021	5,186
2022	5,339
Thereafter	<u>47,132</u>
	<u>\$82,925</u>

The Hospital plans to issue \$60 million of tax exempt bonds in December 2017. Proceeds of the bonds will be used for the construction of a new medical office building. In addition, the Series 2017 Bonds will reimburse the Hospital for capital expenditures incurred in association with the construction of a parking garage, as well as routine capital expenditures.

### 7. Commitments and Contingencies

#### Malpractice Loss Contingencies

Prior to February 1, 2011, the System was insured against malpractice loss contingencies under claims made insurance policies. A claims-made policy provides specific coverage for claims made during the policy period. During 2017, the System paid to transfer its obligation for claims and incidents made and reported under the 2001-2011 policy period to a third party. Under the Loss Portfolio Transfer agreement, the third party assumed obligation for claims and incidents made and reported, including any closed incidents included on loss run reports that may ripen into a claim or suit and are subject to reopening.

Effective February 1, 2011, the System insures its medical malpractice risks through a multiprovider captive insurance company under a claims-made insurance policy. Premiums paid are based upon actuarially determined amounts to adequately fund for expected losses. At September 30, 2017, there were no known malpractice claims outstanding for the System, which, in the opinion of management will be settled for amounts in excess of insurance coverage, nor were there any unasserted claims or incidents which require loss accruals. The System has established reserves for unpaid claim amounts for Hospital and Physician Professional Liability and General Liability reported claims and for unreported claims for incidents that have been incurred but not reported. The amounts of the reserves total \$1,995 and \$1,911 at September 30, 2017 and 2016, respectively and are reflected in the accompanying consolidated balance sheets within accrued pension and other long-term liabilities. The possibility exists, as a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the System.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016  
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#### 7. Commitments and Contingencies (Continued)

The captive retains and funds up to actuarial expected loss amounts, and obtains reinsurance at various attachment points for individual and aggregate claims in excess of funding in accordance with industry practices. At September 30, 2017, the System's interest in the captive represents approximately 57% of the captive. The System accounts for its investments in the captive under the equity method since control of the captive is shared equally between the participating hospitals. The System has recorded its interest in the captive's equity, totaling approximately \$5,400 and \$2,945 at September 30, 2017 and 2016, respectively, in other noncurrent assets on the accompanying consolidated balance sheets. Changes in the System's interest are included in nonoperating income on the accompanying consolidated statements of operations.

In accordance with ASU No. 2010-24, "*Health Care Entities*" (Topic 954): *Presentation of Insurance Claims and Related Insurance Recoveries*, at September 30, 2017 and 2016, the Hospital recorded a liability of approximately \$3,800 and \$3,100, respectively, related to estimated professional liability losses. At September 30, 2017 and 2016, the Hospital also recorded a receivable of \$3,800 and \$3,100, respectively, related to estimated recoveries under insurance coverage for recoveries of the potential losses. These amounts are included in accrued pension and other long-term liabilities and other assets, respectively, on the consolidated balance sheets.

#### Workers' Compensation

The Hospital maintains workers' compensation insurance under a self-insurance plan. The plan offers, among other provisions, certain specific and aggregate stop-loss coverage to protect the Hospital against excessive losses. The Hospital has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Accrued workers' compensation losses of \$2,455 and \$2,447 at September 30, 2017 and 2016, respectively, have been discounted at 3% (both years) and, in management's opinion, provide an adequate reserve for loss contingencies. A trustee held fund has been established as a reserve under the plan. Assets held in trust totaled \$4,120 and \$4,024 at September 30, 2017 and 2016, respectively, and is included in assets whose use is limited or restricted in the accompanying consolidated balance sheets.

#### Litigation

The System is involved in litigation and regulatory investigations arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the System's financial position, results of operations or cash flows.

#### Health Insurance

The System has a self-funded health insurance plan. The plan is administered by an insurance company which assists in determining the current funding requirements of participants under the terms of the plan and the liability for claims and assessments that would be payable at any given point in time. The System recognizes revenue for services provided to employees of the System during the year. The System is insured above a stop-loss amount of \$440 on individual claims. Estimated unpaid claims, and those claims incurred but not reported at September 30, 2017 and 2016, have been recorded as a liability of \$8,799 and \$8,174, respectively, and are reflected in the accompanying consolidated balance sheets within accounts payable and accrued expenses.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2017 and 2016  
(In thousands)

**7. Commitments and Contingencies (Continued)**

Operating Leases

The System has various operating leases relative to its office and offsite locations. Future annual minimum lease payments under noncancellable lease agreements as of September 30, 2017 are as follows:

Year Ending September 30:	
2018	\$ 5,318
2019	4,732
2020	4,346
2021	4,086
2022	3,344
Thereafter	<u>17,954</u>
	<u>\$39,780</u>

Rent expense was \$6,129 and \$5,862 for the years ended September 30, 2017 and 2016, respectively.

**8. Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes at September 30:

	<u>2017</u>	<u>2016</u>
Health education and program services	\$ 15,970	\$ 13,655
Capital acquisitions	1,485	1,099
Indigent care	243	270
For periods after September 30 of each year	<u>102</u>	<u>269</u>
	<u>\$17,800</u>	<u>\$15,293</u>

Income on the following permanently restricted net asset funds is available for the following purposes at September 30:

	<u>2017</u>	<u>2016</u>
Health education and program services	\$ 17,595	\$ 17,115
Capital acquisitions	803	803
Indigent care	1,811	1,811
For periods after September 30 of each year	<u>193</u>	<u>152</u>
	<u>\$20,402</u>	<u>\$19,881</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**9. Patient Service and Other Revenue**

Net patient service revenue for the years ended September 30 is as follows:

	<u>2017</u>	<u>2016</u>
Gross patient service charges:		
Inpatient services	\$ 488,730	\$ 446,448
Outpatient services	609,993	552,939
Physician services	168,161	156,870
Less charitable services	<u>(8,547)</u>	<u>(8,789)</u>
	1,258,337	1,147,468
Less contractual allowances and discounts:		
Medicare	456,339	393,940
Medicaid	110,816	114,502
Other	<u>223,077</u>	<u>204,335</u>
	<u>790,232</u>	<u>712,777</u>
Total Hospital net patient service revenue (net of contractual allowances and discounts)	468,105	434,691
Other entities	<u>242</u>	<u>270</u>
	<u>\$ 468,347</u>	<u>\$ 434,961</u>

An estimated breakdown of patient service revenue, net of contractual allowances, discounts and provision for doubtful accounts recognized in 2017 and 2016 from these major payor sources, is as follows for the Hospital. The provision for doubtful accounts for subsidiaries of the Hospital was not significant in 2017 and 2016.

	<u>Hospital</u>			
	<u>Gross Patient Service Revenues</u>	<u>Contractual Allowances and Discounts</u>	<u>Provision for Doubtful Accounts</u>	<u>Net Patient Service Revenues Less Provision for Doubtful Accounts</u>
<u>2017</u>				
Private payors (includes coinsurance and deductibles)	\$ 494,628	\$(223,077)	\$ (9,878)	\$261,673
Medicaid	132,747	(110,816)	-	21,931
Medicare	604,179	(456,339)	(2,509)	145,331
Self-pay	<u>26,783</u>	<u>-</u>	<u>(7,652)</u>	<u>19,131</u>
	<u>\$1,258,337</u>	<u>\$(790,232)</u>	<u>\$ (20,039)</u>	<u>\$448,066</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2017 and 2016  
(In thousands)

**9. Patient Service and Other Revenue (Continued)**

	Hospital			
	Gross Patient Service Revenues	Contractual Allowances and Discounts	Provision for Doubtful Accounts	Net Patient Service Revenues Less Provision for Doubtful Accounts
<u>2016</u>				
Private payors (includes coinsurance and deductibles)	\$ 459,683	\$(204,335)	\$ (7,864)	\$247,484
Medicaid	139,999	(114,502)	-	25,497
Medicare	525,644	(393,940)	(2,237)	129,467
Self-pay	<u>22,142</u>	<u>-</u>	<u>(7,488)</u>	<u>14,654</u>
	<u>\$1,147,468</u>	<u>\$(712,777)</u>	<u>\$(17,589)</u>	<u>\$417,102</u>

*Electronic Health Records Incentive Payments*

The 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 defined by CMS. Revenue totaling \$148 and \$99 associated with these meaningful use attestations was recorded as other revenue for the years ended September 30, 2017 and 2016, respectively.

**10. Functional Expenses**

The System provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows for the years ended September 30:

	<u>2017</u>	<u>2016</u>
Health care services	\$324,985	\$314,591
General and administrative	85,702	70,016
Depreciation and amortization	24,378	24,535
Medicaid enhancement tax	20,311	19,679
Interest expense	<u>2,918</u>	<u>3,700</u>
	<u>\$458,294</u>	<u>\$432,521</u>

Fundraising related expenses were \$940 and \$898 for the years ended September 30, 2017 and 2016, respectively.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2017 and 2016  
(In thousands)

**11. Charity Care and Community Benefits (Unaudited)**

The Hospital maintains records to identify and monitor the level of charity care it provides. The Hospital provides traditional charity care, as well as other forms of community benefits. The estimated cost of all such benefits provided is as follows for the years ended September 30:

	<u>2017</u>	<u>2016</u>
Community health services	\$ 2,150	\$ 1,939
Health professions education	4,398	3,749
Subsidized health services	40,320	35,624
Research	83	94
Financial contributions	752	700
Community building activities	45	46
Community benefit operations	97	77
Charity care costs (see Note 1)	<u>3,669</u>	<u>3,807</u>
	<u>\$51,514</u>	<u>\$46,036</u>

In addition, the Hospital incurred estimated costs for services to Medicare and Medicaid patients in excess of the payment from these programs of \$88,830 and \$82,669 in 2017 and 2016, respectively.

**12. Concentration of Credit Risk**

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

	<u>2017</u>	<u>2016</u>
Patients	10%	10%
Medicare	33	33
Anthem Blue Cross	14	13
Cigna	3	4
Medicaid	13	16
Commercial	25	23
Workers' compensation	<u>2</u>	<u>1</u>
	<u>100%</u>	<u>100%</u>



## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016  
(In thousands)

#### 13. Volunteer Services (Unaudited)

Total volunteer service hours received by the Hospital were approximately 20,800 in 2017 and 22,000 in 2016. The volunteers provide various nonspecialized services to the Hospital, none of which has been recognized as revenue or expense in the accompanying consolidated statements of operations.

#### 14. Fair Value Measurements

Fair value of a financial instrument is defined as 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. There have been no changes in the methodologies used at September 30, 2017 and 2016. In accordance with ASU 2015-07, certain investments that are measured using the net value per share practical expedient have not been classified in the fair value hierarchy.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016  
(In thousands)

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

The following presents the balances of assets measured at fair value on a recurring basis at September 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2017</u>				
Cash and cash equivalents	\$ 18,811	\$ –	\$ –	\$ 18,811
Fixed income securities	30,982	–	–	30,982
Marketable equity and other securities	99,069	–	–	99,069
Inflation-protected securities and other	22,187	–	–	22,187
Trust funds administered by others	<u>–</u>	<u>–</u>	<u>11,002</u>	<u>11,002</u>
	<u>\$171,049</u>	<u>\$ –</u>	<u>\$11,002</u>	182,051
Funds measured at net asset value:				
Marketable equity and other securities				<u>173,052</u>
				<u>\$355,103</u>
<u>2016</u>				
Cash and cash equivalents	\$ 27,008	\$ –	\$ –	\$ 27,008
Fixed income securities	33,021	–	–	33,021
Marketable equity and other securities	105,565	–	–	105,565
Inflation-protected securities and other	21,499	–	–	21,499
Trust funds administered by others	<u>–</u>	<u>–</u>	<u>10,607</u>	<u>10,607</u>
	<u>\$187,093</u>	<u>\$ –</u>	<u>\$10,607</u>	197,700
Funds measured at net asset value:				
Marketable equity and other securities				<u>133,944</u>
				<u>\$331,644</u>

The System's Level 3 investments consist of funds administered by others. The fair value measurement is based on significant unobservable inputs.

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 accompanying consolidated balance sheets and statements of operations.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2017 and 2016  
(In thousands)

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

A reconciliation of the fair value measurements using significant unobservable inputs (Level 3) is as follows for 2017 and 2016:

	<u>Trust Funds Administered by Others</u>
Balance at September 30, 2015	\$ 10,489
Net realized and unrealized gains	<u>118</u>
Balance at September 30, 2016	10,607
Net realized and unrealized gains	<u>395</u>
Balance at September 30, 2017	<u>\$ 11,002</u>

The table below sets forth additional disclosures for investment funds (other than mutual funds) valued based on net asset value to further understand the nature and risk of the investments by category:

	<u>Fair Value</u>	<u>Unfunded Commit- ments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<b>September 30, 2017:</b>				
Funds-of-funds	\$ 13,948	\$ –	Semi-monthly	5 days
Funds-of-funds	10,634	–	Monthly	15 days
Funds-of-funds	58,988	–	Quarterly	45 – 65 days
Funds-of-funds	18,219	–	Annual	60 - 90 days*
Funds-of-funds	7,232	–	Three year rolling	60 days**
Funds-of-funds	362	3,411	Illiquid	N/A
Collective trust funds	5,906	–	Daily	10 days
Collective trust funds	57,763	–	Monthly	6 – 10 days
<b>September 30, 2016:</b>				
Funds-of-funds	\$ 15,821	\$ –	Monthly	15 days
Funds-of-funds	54,355	–	Quarterly	45 – 65 days
Funds-of-funds	9,125	–	Annual	90 days
Funds-of-funds	6,230	–	Three year rolling	60 days**
Collective trust funds	48,413	–	Monthly	6 – 10 days

\* Certain funds are subject to a 2 year lock period before annual redemption can occur.

\*\* Subject to a 3 year rolling lock. This fund also has a special redemption right that allows the Hospital to liquidate 10% of the investment on March 1 of each year, with 30 days' notice.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016  
(In thousands)

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

##### Investment Strategies

###### Fixed Income Securities

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.

###### Marketable Equity and Other Securities

The primary purpose of marketable 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 marketable 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.

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

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

The Hospital has committed to invest up to \$5,746 between three investment managers, and had funded \$335 of that commitment as of September 30, 2017. As these investments are made, the Hospital reallocates resources from its current investments resulting in an asset allocation shift within the investment pool.

###### Inflation-Protected Securities

The primary purpose of inflation-protected securities is to provide protection against the negative effects of inflation.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

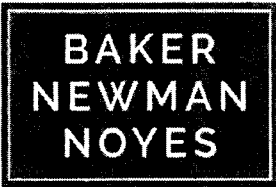
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2017 and 2016  
(In thousands)

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

*Fair Value of Other Financial Instruments*

Other financial instruments consist of accounts and pledges receivable, accounts payable and accrued expenses, estimated third-party payor settlements, and long-term debt and notes payable. The fair value of all financial instruments other than long-term debt and notes payable approximates their relative book values as these financial instruments have short-term maturities or are recorded at amounts that approximate fair value. The fair value of the System's long-term debt and notes payable is estimated using discounted cash flow analyses, based on the System's current incremental borrowing rates for similar types of borrowing arrangements. The carrying value and fair value of the System's long-term debt and notes payable amounted to \$86,166 and \$102,286, respectively, at September 30, 2017, and \$94,877 and \$112,762, respectively, at September 30, 2016.



**INDEPENDENT AUDITORS' REPORT  
ON ADDITIONAL INFORMATION**

The Board of Trustees  
Concord Hospital, 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 audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Baker Newman Noyes LLC*

Manchester, New Hampshire  
December 1, 2017

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET  
(With Consolidated Totals for September 30, 2016)

September 30, 2017

ASSETS  
(In thousands)

	2017						2016
	Concord Hospital (Obligated Group)	Capital Region Health Development Corporation	Capital Region Health Ventures Corporation	Hospital/Dartmouth Hitchcock-Concord	Eliminations	Consolidated	2016 Consolidated
<b>Current assets:</b>							
Cash and cash equivalents	\$ 3,799	\$ -	\$ -	\$ -	\$ -	\$ 3,799	\$ 6,555
Short-term investments	7,552	-	-	-	-	7,552	19,512
Accounts receivable, net	51,270	14	60	-	-	51,344	52,693
Due from affiliates	634	4,179	-	-	(4,179)	634	270
Supplies	1,777	-	-	-	-	1,777	1,262
Prepaid expenses and other current assets	5,620	208	27	-	-	5,855	4,760
Total current assets	70,652	4,401	87	-	(4,179)	70,961	85,052
<b>Assets whose use is limited or restricted:</b>							
Board designated	290,686	-	-	-	-	290,686	260,287
Funds held by trustee for workers' compensation reserves and self-insurance escrows	16,515	-	-	-	-	16,515	14,328
Donor-restricted funds and restricted grants	40,350	-	-	-	-	40,350	37,517
Total assets whose use is limited or restricted	347,551	-	-	-	-	347,551	312,132
<b>Other noncurrent assets:</b>							
Due from affiliates, net of current portion	15,688	-	341	-	(14,806)	1,223	1,615
Other assets	13,293	-	1,759	-	-	15,052	11,848
Total other noncurrent assets	28,981	-	2,100	-	(14,806)	16,275	13,463
<b>Property and equipment:</b>							
Land and land improvements	6,153	273	-	-	-	6,426	7,003
Buildings	155,371	35,214	-	-	-	190,585	179,824
Equipment	243,695	2,679	212	-	-	246,586	235,334
Construction in progress	38,725	-	-	-	-	38,725	16,413
Less accumulated depreciation	443,944	38,166	212	-	-	482,322	438,574
Net property and equipment	(279,323)	(25,777)	(212)	-	-	(305,312)	(282,034)
	164,621	12,389	-	-	-	177,010	156,540
<b>Total</b>	<b>\$ 611,805</b>	<b>\$ 16,790</b>	<b>\$ 2,187</b>	<b>\$ -</b>	<b>\$ (18,985)</b>	<b>\$ 611,797</b>	<b>\$ 567,187</b>

LIABILITIES AND NET ASSETS (DEFICIT)  
(In thousands)

	2017						2016
	Concord Hospital (Obligated Group)	Capital Region Health Care Development Corporation	Capital Region Health Ventures Corporation	Concord Hospital/ Dartmouth Hitchcock- Concord	Elimi- nations	Consol- idated	2016 Consol- idated
	\$	\$	\$	\$	\$	\$	\$
Current liabilities:							
Short-term notes payable	-	-	-	15	-	15	459
Accounts payable and accrued expenses	39,556	50	5	-	-	39,611	30,104
Accrued compensation and related expenses	25,580	-	-	-	-	25,580	22,830
Due to affiliates	4,179	-	-	-	(4,179)	-	-
Accrual for estimated third-party payor settlements	27,382	-	-	-	-	27,382	22,459
Current portion of long-term debt	8,822	-	-	-	-	8,822	8,570
Total current liabilities	<u>105,519</u>	<u>50</u>	<u>5</u>	<u>15</u>	<u>(4,179)</u>	<u>101,410</u>	<u>84,422</u>
Long-term debt, net of current portion	76,501	14,806	-	-	(14,806)	76,501	85,399
Accrued pension and other long-term liabilities	60,536	-	-	-	-	60,536	99,258
Total liabilities	<u>242,556</u>	<u>14,856</u>	<u>5</u>	<u>15</u>	<u>(18,985)</u>	<u>238,447</u>	<u>269,079</u>
Net assets (deficit):							
Unrestricted	331,047	1,934	2,182	(15)	-	335,148	262,934
Temporarily restricted	17,800	-	-	-	-	17,800	15,293
Permanently restricted	20,402	-	-	-	-	20,402	19,881
Total net assets (deficit)	<u>369,249</u>	<u>1,934</u>	<u>2,182</u>	<u>(15)</u>	<u>-</u>	<u>373,350</u>	<u>298,108</u>
	<u>\$ 611,805</u>	<u>\$ 16,790</u>	<u>\$ 2,187</u>	<u>\$ -</u>	<u>\$ (18,985)</u>	<u>\$ 611,797</u>	<u>\$ 567,187</u>



**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATING STATEMENT OF OPERATIONS**  
(With Consolidated Totals for September 30, 2016)

Year Ended September 30, 2017

(In thousands)

	2017						2016
	Concord Hospital (Obligated Group)	Capital Region Health Development Corporation	Capital Region Health Ventures Corporation	Concord Hospital/Dartmouth Hitchcock-Concord	Eliminations	Consolidated	2016 Consolidated
Unrestricted revenue and other support:							
Net patient service revenue, net of contractual allowances and discounts	\$ 468,105	\$ -	\$ 283	\$ (41)	\$ -	\$ 468,347	\$ 434,961
Provision for doubtful accounts	(20,039)	-	(2)	23	-	(20,018)	(17,251)
Net patient service revenue less provision for doubtful accounts	448,066	-	281	(18)	-	448,329	417,710
Other revenue	12,240	5,198	5,861	-	(3,949)	19,350	20,998
Disproportionate share revenue	12,717	-	-	-	-	12,717	7,800
Net assets released from restrictions for operations	1,191	-	-	-	-	1,191	1,232
Total unrestricted revenue and other support	474,214	5,198	6,142	(18)	(3,949)	481,587	447,740
Operating expenses:							
Salaries and wages	219,512	-	216	-	527	220,255	208,274
Employee benefits	56,701	-	71	-	117	56,889	55,298
Supplies and other	97,090	1,632	226	-	(3,000)	95,948	87,060
Purchased services	32,326	698	55	(20)	(686)	32,373	29,297
Professional fees	5,223	-	-	-	(1)	5,222	4,678
Depreciation and amortization	22,746	1,631	1	-	-	24,378	24,535
Medicaid enhancement tax	20,311	-	-	-	-	20,311	19,679
Interest expense	2,916	906	-	2	(906)	2,918	3,700
Total operating expenses	456,825	4,867	569	(18)	(3,949)	458,294	432,521
Income from operations	17,389	331	5,573	-	-	23,293	15,219
Nonoperating income:							
Unrestricted gifts and bequests	1,619	-	-	-	-	1,619	251
Investment income and other	10,476	-	-	-	-	10,476	27,497
Total nonoperating income	12,095	-	-	-	-	12,095	27,748
Excess of revenues and nonoperating income over expenses	\$ 29,484	\$ 331	\$ 5,573	\$ -	\$ -	\$ 35,388	\$ 42,967



## Board of Trustees

Our governing Board of Trustees is made up of our President & CEO, representatives of our medical staff and community member volunteers who have demonstrated an interest in and commitment to the health of our community.

Valerie Acres, Esq.  
Community Member

Sol Asmar, Vice Chair  
Community Member

Philip Boulter, MD  
Community Member

Frederick Briccetti, MD  
NH Oncology Hematology

William L. Chapman, Esq., Secretary  
Orr & Reno, PA

Michelle Chicoine  
St. Paul's School

Peter Cook  
Concord Litho

Philip Emma  
Merrimack County Savings Bank

Peter Noordsij, MD  
Concord Orthopaedics, PA

Manisha Patel, DDS  
Center for Contemporary Dentistry

David Ruedig, Chair  
UBS Financial Services

Muriel D. Schadee, CPA

Nathan Wechsler & Co., PA

Robert Segal

Sanel Auto Parts

Lon Setnik, MD Ex-officio

Concord Hospital Medical Staff President

Robert P. Steigmeyer, Ex-officio

Concord Hospital President/CEO

David Stevenson, MD

NH Dartmouth Family Medicine Residency

Jeffrey K. Towle

Davis & Towle Insurance

Scott Sloane, Treasurer (Not a Board Member)

Concord Hospital Chief Financial Officer

## Related Resources

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- Bylaws
- Conflicts of Interest

## News

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Concord Hospital Announces Recent Promotions

February 8, 2018

Concord Hospital and Capital Region Health Care Boards Elect New Trustees

February 5, 2018

Concord Hospital and Capital Region Health Care Boards Elect New Trustees

January 30, 2017

## About Us

Accountable Care Organization

Affiliations

# **Donald E McGinnis, Jr RT(R)**

## **Education**

1981- Graduated from Joseph A Foran High School-Milford, CT

1981-1982- University of New Haven, CT-Criminal Justice

1983-1985- NH Technical Institute, Concord, NH

Associate of Science, Radiologic Technology-Passed Registry

## **Work Experience**

August 1985 to December 1988, staff x-ray technologist at Franklin Regional Hospital, Franklin, NH

December 1988 to June 1995- staff and mobile x-ray technologist for X-Ray P.A. Concord, NH

July 1995 to present- mobile x-ray technologist for Concord Hospital, Concord, NH

\*Promoted to chief technologist, Mobile X-Ray in 1999

Active member of ASRT (American Society of Radiologic Technologists) since 1996

# Peter A.Dow RT(R)

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## Education:

- Plymouth Regional High School--graduated 1988
- Manchester Technical College-Associates Degree in Fitness Technology (1989-1990)
- NHTI -Associates Degree in Radiology Technology (1990-1992)

## Work Experience:

### Per Diem:

- Concord Hospital--(1992)
- Concord Imaging Center—(1992)
- Concord Orthopedics—(1992)
- Franklin Regional Hospital—(1992)

### Full Time:

- Franklin Regional Hospital--I XR/CT Scan (1992-1993)
- XRay PA—XR/Mobile XR/EKG- (1993-1995)
- Concord Hospital—XR/Mobile XR/EKG- (1995-present)

## Certifications:

- ARRT (1992-present)
- ASRT (1992-present)
- BLS

**CONTRACTOR NAME**

Key Personnel

Name	Job Title	Salary	% Paid from this Contract	Amount Paid from this Contract
Don McGinnis	Radiologic Technologist	\$79,206	0	0
Peter Dow	Radiologic Technologist	\$75,400	0	0