



Lori A. Shibinette
Commissioner

STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF THE COMMISSIONER

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October 20, 2021

The Honorable Karen Umberger, Chair
Fiscal Committee of the General Court
State House
Concord, NH 03301

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

REQUESTED ACTION

Pursuant to the provisions of RSA 14:30-a, VI, authorize the Department of Health and Human Services, Office of the Commissioner, to accept and expend the American Rescue Plan Act (ARPA), in the amount of \$15,117,252 effective upon Fiscal Committee and Governor and Executive Council approval through June 30, 2023 and further authorize the allocation of these funds in the accounts below. These funds will be used for the purchase of Hampstead Hospital, a 111-bed licensed and accredited hospital in Hampstead, New Hampshire to improve the State's ability to provide inpatient psychiatric, behavioral and substance use services. This is an allowable use of ARP FRF funds under Section 602 (c)(1)(A) to respond to the public health emergency or its negative economic impacts.

05-95-95-957510-24380000 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS, HAMPSTEAD HOSPITAL, HAMPSTEAD PURCHASE

Class/Object	Class Title	Current Authorized Budget	Requested Change	Adjusted Budget
Revenue				
000-400338	Federal Funds	\$ -	\$ 15,117,252	\$ 15,117,252
	Total Revenue:	\$ -	\$ 15,117,252	\$ 15,117,252
Expense				
033-501980	Land Acquisitions and Easement	\$ -	\$ 13,000,000	\$ 13,000,000
033-501981	Land Acquisitions and Easement	\$ -	\$ 2,000,000	\$ 2,000,000
041-500801	Audit Set Aside	\$ -	\$ 15,102	\$ 15,102
085-588514	Inter-Agency Transfers out of Federal Funds	\$ -	\$ 73,900	\$ 73,900
103-502507	Contracts for Operational Services	\$ -	\$ 28,250	\$ 28,250
	Total Expense:	\$ -	\$ 15,117,252	\$ 15,117,252

¹ All direct program costs will be accounted for using activity 00FRF602PH9507A and all administrative and indirect costs will be accounted for using activity 001:RJ:602PH9507Z. Accounting classifications may be subject to technical changes at the discretion of the Department of Administrative Services' Division of Accounting Services.

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EXPLANATION

Hampstead Hospital has served an important role as New Hampshire has adapted its behavioral health system to meet population needs across the lifespan. This includes moving pediatric services outside of the New Hampshire Hospital campus to ensure appropriate focus on child-specific treatment needs while allowing more treatment and space options for transitional and supported housing for New Hampshire Hospital's adult patients. Through its contract with DHHS, Hampstead Hospital has been an important partner in addressing the needs of children.

This unique opportunity to purchase Hampstead Hospital comes at a time when children's and families' needs to access mental health services has increased significantly. COVID-19 has exacerbated many children's behavioral health issues. During the pandemic, a number of children who had never been involved in the mental health system experienced high levels of distress, leading their families and providers on a difficult search for pediatric acute and inpatient care.

The size and structure of the facility and surrounding lands would allow the State to expand bed capacity to meet the growing needs of New Hampshire youth. This expansion would include providing local care for children who are currently receiving state-funded services outside of NH. When care is provided to children in-state, it can make it easier to transition them to community-based services upon discharge to continue their care.

Inpatient services for children and youth are part of New Hampshire's commitment to fully implementing the Children's System of Care, which spans the needs across the continuum, from community-based services to psychiatric hospitalization. The new system has a number of components, including: screening and assessments; mobile crisis response; community-based treatment, care and support; intensive home services; and residential treatment. While the new services are designed to address needs in the community whenever possible, the system still needs to have capacity to provide acute services.

In addition to helping immediately address the urgent behavioral health needs of New Hampshire youth and families, the purchase of Hampstead Hospital makes good fiscal sense for the State. Following extensive negotiations, the purchase price for the real estate is significantly lower than the appraised value of the parcel conducted in 2016. Furthermore, it is reasonably expected that the value has increased since the time of the report given the sharp increase in overall real estate values across the State. In addition, the estimated cost of purchasing an existing facility is dramatically lower than the construction of a new facility. Building a new facility is not only the more expensive option, but is one that would take years to complete.

In sum, purchasing this existing facility is the most efficient and effective way to increase behavioral health services capacity while supporting future lives of stability, well-being, and independence for New Hampshire's youngest residents.

Funds will be budgeted as follows:

Class 033-501.980, Land Acquisitions and Easement
Purchase of property

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Class 033-501981, Land Acquisitions and Easement

The State will be assuming the accounts receivable and accounts payable at the time of purchase. An appropriation is needed to manage these prior accounts until they are closed out. It is expected that accounts receivable will end up exceeding accounts payable and the ARPA funds will not be required.

Class 085-588514, Inter-Agency Transfers out of Federal Funds

These funds will be paid to the Department of Administrative Services to conduct a property line boundary survey of the following three parcels currently owned by Hampstead Hospital and identified as Map 13 Lot 3 (89.88 acres), Map 13 Lot 128 (2.04 acres), and Map 13 Lot 129 (2.49 acres). The project will be phased into two efforts. The first phase will include a full property line boundary survey plan which will include dimensional zoning, FEMA zone identification, wetlands based off of the National Wetland Inventory (NWI) website, and LiDAR topography from the Statewide LiDAR inventory. The second phase which is not included in this cost estimate is aerial mapping and wetland site assessment and demarcation. Additionally, this class line will fund completing a topography and features description.

Class 103-502507, Contracts for Operational Services

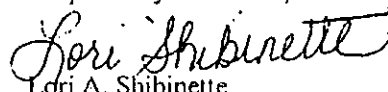
These funds are to pay for the appraisal report provided to the Department that detailed the value of the Hampstead Hospital business and to enable the Department to fully evaluate options for the State to expand critically needed services for patients with psychiatric and chemical dependency needs. The Department used the report to determine a price at which the Hampstead Hospital business would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller in an open and unrestricted market. In completing the appraisal report, the Contractor also considered other relevant limitations impacting the healthcare setting, as applicable, including the impact of the COVID-19 pandemic on the economy and other related healthcare market factors. Additionally, these funds are to pay for the Phase I Environmental Site Assessment of the Hampstead property.

This item does not include any funding for operating the facility. A separate item will be presented for the operating budget. In order to design an effective and appropriate operating budget for the facility, the Department is actively reviewing financial reports, Medicare Cost Reports, contract needs, and general operating requirements. As the facility was not state-run previously, there are many implications relative to state finance and procurement law that must be considered, and as such the Department is working diligently to resolve these questions and be able to bring forth an operating budget for the facility.

Area served: Statewide

Source of funds: These funds are 100% Federal

Respectfully submitted,



Lori A. Shubinette
Commissioner