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

Jeffrey A. Meyers
Commissioner
Maureen U. Ryan
Interim Director

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

May 11, 2017

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

REQUESTED ACTION

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

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

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

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

EXPLANATION

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

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

This Contract was competitively bid.

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

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

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

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

Source of Funds: 100% General Funds

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

Respectfully submitted,



Maureen U. Ryan
Interim Director



Approved by: Jeffrey A. Meyers
Commissioner



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

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

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

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

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

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

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

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

To amend as follows:

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



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

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

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

State of New Hampshire
Department of Health and Human Services

5/30/17
Date

Maurice Ryan
NAME Maurice Ryan
TITLE Director

~~Catholic~~ **Medical Center Laboratory**

5/25/17
Date

Joseph Pepe
NAME Joseph Pepe, MD
TITLE President and CEO

Acknowledgement:

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

Signature of Notary Public or ~~Justice of the Peace~~

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





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

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

OFFICE OF THE ATTORNEY GENERAL

6/2/17
Date

J. Cousins
Name:
Title:

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

OFFICE OF THE SECRETARY OF STATE

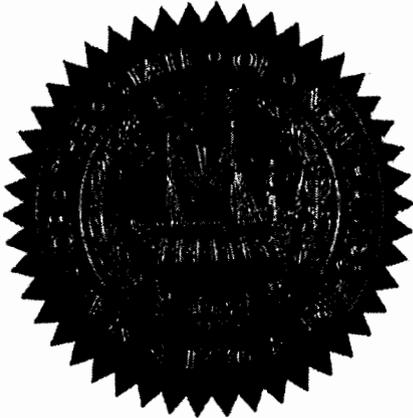
Date

Name:
Title:

State of New Hampshire
Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that CATHOLIC MEDICAL CENTER is a New Hampshire nonprofit corporation formed November 7, 1974. I further certify that it is in good standing as far as this office is concerned, having filed the return(s) and paid the fees required by law.



In TESTIMONY WHEREOF, I hereto
set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 26th day of May A.D. 2016

A handwritten signature in cursive script, appearing to read "Wm Gardner", written in dark ink.

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

I, Neil Levesque, Officer and Secretary, of Catholic Medical Center, do hereby certify that:

1. I am the duly elected Secretary of Catholic Medical Center, a non profit corporation;
2. The following are true copies of two resolutions duly adopted at a meeting of the Board of Trustees of the corporation, duly held on May 25, 2017

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

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

3. The foregoing resolutions have not been amended or revoked and remain in full force and effect as of May 25, 2017;
4. Joseph Pepe, MD is the duly elected President & CEO of the corporation.

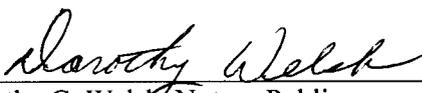
IN WITNESS WHEREOF, I have hereunto set my hand as the Secretary of the corporation this 25th day of May 2017.



Neil Levesque, Chair

STATE OF NEW HAMPSHIRE
COUNTY OF HILLSBOROUGH

The foregoing instrument was acknowledged before me this 25th day of May, 2017 by
Neil Levesque.



Dorothy C. Welsh, Notary Public
My Commission Expires: May 8, 2019





Cathy Bemis, Therapy Manager
Rehabilitation Medicine Unit

CMC's strategy is to be an independently governed, Catholic Health System with outstanding programs and strong partnerships that contribute to our ability to improve the health of our community and surrounding areas throughout the entire continuum of care.

We will accomplish this by...

**BAKER
NEWMAN
NOYES**

Catholic Medical Center and Subsidiary

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

*Years Ended June 30, 2016 and 2015
With Independent Auditors' Report*

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

Years Ended June 30, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Catholic Medical Center and Subsidiary

We have audited the accompanying consolidated financial statements of Catholic Medical Center and Subsidiary, which comprise the consolidated balance sheets as of June 30, 2016 and 2015, 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 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 Catholic Medical Center and Subsidiary as of June 30, 2016 and 2015, and the results of their operations, changes in their net assets and their 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
September 20, 2016

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

June 30, 2016 and 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 39,176,245	\$ 36,274,074
Short-term investments	26,650,428	26,347,421
Accounts receivable from patients, less allowances of \$21,906,010 in 2016 and \$19,657,249 in 2015	47,860,095	38,585,556
Inventories	3,199,310	2,124,292
Other current assets	<u>6,314,657</u>	<u>4,387,258</u>
Total current assets	123,200,735	107,718,601
Property, plant and equipment, net	81,712,922	80,953,109
Other assets:		
Note receivable, less allowance of \$793,885 in 2015	711,093	-
Intangible assets and other	<u>10,051,221</u>	<u>10,207,121</u>
	10,762,314	10,207,121
Assets whose use is limited:		
Pension and insurance obligations	14,326,697	12,333,513
Board designated and donor restricted investments	89,916,768	92,408,487
Held by trustee under revenue bond agreements	<u>3,945,048</u>	<u>6,126,802</u>
	<u>108,188,513</u>	<u>110,868,802</u>
Total assets	<u>\$323,864,484</u>	<u>\$309,747,633</u>

LIABILITIES AND NET ASSETS

	<u>2016</u>	<u>2015</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 20,778,939	\$ 19,868,252
Accrued salaries, wages and related accounts	12,086,857	15,084,630
Amounts payable to third-party payors	12,869,289	10,535,852
Amounts due to affiliates	1,575,783	1,375,956
Current portion of long-term debt	<u>4,218,098</u>	<u>3,999,845</u>
Total current liabilities	51,528,966	50,864,535
Accrued pension and other liabilities, less current portion	130,914,684	87,774,564
Long-term debt, less current portion	<u>63,190,252</u>	<u>64,199,335</u>
Total liabilities	245,633,902	202,838,434
Net assets:		
Unrestricted	69,990,495	98,262,558
Temporarily restricted	395,655	330,158
Permanently restricted	<u>7,844,432</u>	<u>8,316,483</u>
Total net assets	78,230,582	106,909,199
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Total liabilities and net assets	<u>\$323,864,484</u>	<u>\$309,747,633</u>

See accompanying notes.

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Net patient service revenues, net of contractual allowances and discounts	\$375,950,006	\$338,747,838
Provision for doubtful accounts	<u>(20,941,899)</u>	<u>(22,167,345)</u>
Net patient service revenues less provision for doubtful accounts	355,008,107	316,580,493
Other revenue	11,526,894	10,153,523
Disproportionate share funding	<u>11,421,493</u>	<u>2,452,816</u>
Total revenues	377,956,494	329,186,832
Expenses:		
Salaries, wages and fringe benefits	178,614,888	163,536,150
Supplies and other	124,795,646	111,408,793
New Hampshire Medicaid enhancement tax	15,778,153	14,962,857
Depreciation and amortization	12,441,142	10,953,213
Interest	<u>2,208,655</u>	<u>2,717,561</u>
Total expenses	<u>333,838,484</u>	<u>303,578,574</u>
Income from operations	44,118,010	25,608,258
Nonoperating gains (losses):		
Investment income	1,147,170	1,898,644
Net realized (losses) gains on sale of investments	(845,551)	1,132,800
Loss on extinguishment of debt	<u>(1,034,157)</u>	<u>—</u>
Total nonoperating (losses) gains, net	<u>(732,538)</u>	<u>3,031,444</u>
Excess of revenues and (losses) gains over expenses	43,385,472	28,639,702
Unrealized depreciation on investments	(2,332,577)	(1,519,111)
Change in fair value of interest rate swap agreement	(462,570)	—
Assets released from restriction used for capital	75,022	272,000
Pension-related changes other than net periodic pension cost	(42,003,139)	(28,985,617)
Net assets transferred to affiliates	<u>(26,934,271)</u>	<u>(17,100,599)</u>
Decrease in unrestricted net assets	(28,272,063)	(18,693,625)
Unrestricted net assets at beginning of year	<u>98,262,558</u>	<u>116,956,183</u>
Unrestricted net assets at end of year	\$ <u>69,990,495</u>	\$ <u>98,262,558</u>

See accompanying notes.

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years Ended June 30, 2016 and 2015

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>Total Net Assets</u>
Balances at June 30, 2014	\$116,956,183	\$ 528,802	\$8,161,758	\$ 125,646,743
Excess of revenues and gains over expenses	28,639,702	-	-	28,639,702
Investment income	-	1,137	1,177	2,314
Changes in interest in perpetual trust	-	-	167,919	167,919
Restricted contributions	-	94,278	-	94,278
Unrealized depreciation on investments	(1,519,111)	-	(14,371)	(1,533,482)
Net assets transferred to affiliates	(17,100,599)	-	-	(17,100,599)
Assets released from restriction used for operations	-	(22,059)	-	(22,059)
Assets released from restriction used for capital	272,000	(272,000)	-	-
Pension-related changes other than net periodic pension cost	<u>(28,985,617)</u>	<u>-</u>	<u>-</u>	<u>(28,985,617)</u>
	<u>(18,693,625)</u>	<u>(198,644)</u>	<u>154,725</u>	<u>(18,737,544)</u>
Balances at June 30, 2015	98,262,558	330,158	8,316,483	106,909,199
Excess of revenues and (losses) gains over expenses	43,385,472	-	-	43,385,472
Investment income	-	1,371	22	1,393
Changes in interest in perpetual trust	-	-	(434,195)	(434,195)
Restricted contributions	-	182,178	-	182,178
Unrealized depreciation on investments	(2,332,577)	-	(37,878)	(2,370,455)
Change in fair value of interest rate swap agreement	(462,570)	-	-	(462,570)
Net assets transferred to affiliates	(26,934,271)	-	-	(26,934,271)
Assets released from restriction used for operations	-	(43,030)	-	(43,030)
Assets released from restriction used for capital	75,022	(75,022)	-	-
Pension-related changes other than net periodic pension cost	<u>(42,003,139)</u>	<u>-</u>	<u>-</u>	<u>(42,003,139)</u>
	<u>(28,272,063)</u>	<u>65,497</u>	<u>(472,051)</u>	<u>(28,678,617)</u>
Balances at June 30, 2016	<u>\$ 69,990,495</u>	<u>\$ 395,655</u>	<u>\$ 7,844,432</u>	<u>\$ 78,230,582</u>

See accompanying notes.

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating activities:		
Decrease in net assets	\$ (28,678,617)	\$(18,737,544)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation and amortization	12,441,142	10,953,213
Decrease in reserve for loan guaranty	(1,648,436)	-
Pension-related changes other than net periodic pension cost	42,003,139	28,985,617
Net assets transferred to affiliates	26,934,271	17,100,599
Restricted gifts and investment income	(183,571)	(96,592)
Net realized losses (gains) on sales of investments	845,551	(1,132,800)
Decrease (increase) in interest in perpetual trust	434,195	(167,919)
Unrealized depreciation on investments	2,370,455	1,533,482
Loss on extinguishment of debt	1,034,157	-
Change in fair value of interest rate swap agreement	462,570	-
Bond discount/premium and issuance cost amortization	(193,475)	(209,478)
Changes in operating assets and liabilities:		
Accounts receivable, net	(9,274,539)	(9,315,441)
Inventories	(1,075,018)	(113,881)
Other current assets	(2,005,834)	(327,786)
Amounts due from/to affiliates	199,827	65,644
Other assets	(625,807)	(2,252,746)
Accounts payable and accrued expenses	910,687	4,723,087
Accrued salaries, wages and related accounts	(2,997,773)	896,447
Amounts payable to third-party payors	2,333,437	409,971
Accrued pension and other liabilities	<u>2,293,461</u>	<u>(9,903,404)</u>
Net cash provided by operating activities	45,579,822	22,410,469
Investing activities:		
Purchases of property, plant and equipment	(13,100,955)	(15,768,854)
Payments received from note receivable	78,435	72,648
Net change in assets held by trustee under revenue bond agreements	2,181,754	(46,216)
Proceeds from sales of investments	27,241,476	50,516,372
Purchases of investments	<u>(30,696,149)</u>	<u>(49,944,842)</u>
Net cash used by investing activities	(14,295,439)	(15,170,892)
Financing activities:		
Payments on long-term debt	(24,134,512)	(2,590,000)
Proceeds from issuance of long-term debt	24,070,000	-
Payments on capital leases	(1,309,668)	(873,940)
Bond issuance costs	(257,332)	-
Restricted gifts and investment income	183,571	96,592
Net assets transferred to affiliates	<u>(26,934,271)</u>	<u>(17,100,599)</u>
Net cash used by financing activities	<u>(28,382,212)</u>	<u>(20,467,947)</u>
Increase (decrease) in cash and cash equivalents	2,902,171	(13,228,370)
Cash and cash equivalents at beginning of year	<u>36,274,074</u>	<u>49,502,444</u>
Cash and cash equivalents at end of year	\$ <u>39,176,245</u>	\$ <u>36,274,074</u>
Noncash investing and financing activities:		
Assets acquired under capital lease agreements	\$ <u> -</u>	\$ <u>3,061,287</u>

See accompanying notes.

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

1. Organization

The consolidated financial statements for Catholic Medical Center and Subsidiary as of and for the year ended June 30, 2016 include the accounts of Catholic Medical Center (the Medical Center), a voluntary not-for-profit acute care hospital based in Manchester, New Hampshire, and CMC Ancillary Health Services, LLC (CAHS). The Medical Center, which primarily serves residents of New Hampshire and northern Massachusetts, is controlled by CMC Healthcare System, Inc. (the System), a not-for-profit corporation which functions as the parent company and sole member of the Medical Center.

During fiscal year 2016, the Boards of the System, Huggins Hospital (HH) and Monadnock Community Hospital (MCH) signed letters of intent to create an affiliation between the System, HH and MCH. The transaction is subject to execution of certain definitive agreements, confirmatory due diligence, and notice to and approval by certain state and federal agencies.

2. Significant Accounting Policies

Basis of Presentation

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

Principles of Consolidation

The consolidated financial statements include the accounts of the Medical Center and CAHS. Significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

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

Income Taxes

The Medical Center is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Management evaluated the Medical Center's tax positions and concluded the Medical Center has maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment to the consolidated financial statements.

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

2. Significant Accounting Policies (Continued)

CAHS is a for-profit organization and, in accordance with federal and state tax laws, files income tax returns, as applicable. There was no provision for income taxes for the years ended June 30, 2016 and 2015. There are no significant deferred tax assets or liabilities. CAHS has concluded there are no significant uncertain tax positions requiring disclosure and there is no material liability for unrecognized tax benefits. CAHS's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in income tax expense.

Performance Indicator

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

Charity Care and Community Benefits

The Medical Center has a formal charity care policy under which patient care is provided to patients who meet certain criteria without charge or at amounts less than its established rates. The Medical Center does not pursue collection of amounts determined to qualify as charity care; therefore, they are not reported as revenues. The Medical Center rendered charity care in accordance with this policy, which, at established charges, amounted to \$12,155,837 and \$18,966,083 for the years ended June 30, 2016 and 2015, respectively.

Of the Medical Center's \$333,838,484 and \$303,578,574 total expenses reported in 2016 and 2015, respectively, an estimated \$3,800,000 and \$6,100,000, respectively, arose from providing services to charity patients. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Medical Center's total expenses divided by gross patient service revenue.

The Medical Center provides community service programs, without charge, such as the Medication Assistance Program, Community Education and Wellness, Patient Transport, and the Parish Nurse Program. The costs of providing these programs amounted to \$916,039 and \$716,119 for the years ended June 30, 2016 and 2015, respectively.

Concentration of Credit Risk

Financial instruments which subject the Medical Center to credit risk consist primarily of cash equivalents, accounts receivable and investments. The risk with respect to cash equivalents is minimized by the Medical Center's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. The Medical Center's accounts receivable are primarily due from third-party payors and amounts are presented net of expected contractual allowances and uncollectible amounts. The Medical Center's investment portfolio consists of diversified investments, which are subject to market risk. Investments that exceeded 10% of investments include the SSGA S&P 500 Tobacco Free Fund as of June 30, 2016 and 2015.

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

2. Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include certificates of deposit with maturities of three months or less when purchased and investments in overnight deposits at various banks. Cash and cash equivalents exclude amounts whose use is limited by board designation and amounts held by trustees under revenue bond and other agreements. The Medical Center maintains approximately \$38,000,000 and \$35,000,000 at June 30, 2016 and 2015, respectively, of its cash and cash equivalent accounts with a single institution. The Medical Center has not experienced any losses associated with deposits at this institution.

Net Patient Service Revenues and Accounts Receivable

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

The Medical Center 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 Medical Center provides a discount approximately equal to that of its largest private insurance payors.

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

Periodically throughout the year, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience. The results of this review are then used to make any modifications to the provision for doubtful accounts to establish an appropriate allowance for doubtful accounts. The decrease in the provision for doubtful accounts in 2016 is driven primarily by certain shifts in payor mix during the fiscal year. Accounts receivable are written off after collection efforts have been followed in accordance with internal policies.

Inventories

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

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

2. Significant Accounting Policies (Continued)

Property, Plant and Equipment

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

Conditional Asset Retirement Obligations

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

As of June 30, 2016 and 2015, \$1,126,280 and \$1,112,223, respectively, of conditional asset retirement obligations are included within accrued pension and other liabilities in the accompanying consolidated balance sheets.

Goodwill

The Medical Center reviews its goodwill and other long-lived assets annually to determine whether the carrying amount of such assets is impaired. Upon determination that an impairment has occurred, these assets are reduced to fair value. There were no impairments recorded for the years ended June 30, 2016 and 2015.

Retirement Benefits

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

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

2. Significant Accounting Policies (Continued)

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

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

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

The Medical Center also maintains tax-sheltered annuity benefit programs in which it matches one half of employee contributions up to 3% of their annual salary, depending on date of hire, plus an additional 3% - 5% based on tenure. The Medical Center made matching contributions under the program of \$5,241,882 and \$4,986,643 for the years ended June 30, 2016 and 2015, respectively.

During 2007, the Medical Center created a nonqualified deferred compensation plan covering certain employees under Section 457(b) of the Code. Under the plan, a participant may elect to defer a portion of their compensation to be held until payment in the future to the participant or his or her beneficiary. Consistent with the requirements of the Code, all amounts of deferred compensation, including but not limited to any investments held and all income attributable to such amounts, property, and rights will remain subject to the claims of the Medical Center's creditors, without being restricted to the payment of deferred compensation, until payment is made to the participant or their beneficiary. No contributions were made by the Medical Center for the years ended June 30, 2016 and 2015.

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

During 2007, the Medical Center created a supplemental executive retirement plan covering certain executives of the Medical Center. The Medical Center recorded compensation expense of \$446,521 and \$319,990 for the years ended June 30, 2016 and 2015, respectively, related to this plan.

Employee Fringe Benefits

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

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

2. Significant Accounting Policies (Continued)

Debt Issuance Costs/Original Issue Discount or Premium

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

Assets Whose Use is Limited or Restricted

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

Classification of Net Assets

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

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

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

Investments and Investment Income

Investments are carried at fair value in the accompanying consolidated financial statements. See Note 8 for further discussion regarding fair value measurements. Realized gains or losses on the sale of investment securities are determined by the specific identification method and are recorded on the settlement date. Unrealized gains and losses on investments are excluded from the excess of revenues and (losses) gains over expenses unless the investments are classified as trading securities or losses are considered other-than-temporary. Interest and dividend income on unrestricted investments, unrestricted investment income on permanently restricted investments and unrestricted net realized gains/losses are reported as nonoperating gains/losses.

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

2. Significant Accounting Policies (Continued)

Derivative Instruments

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

Beneficial Interest in Perpetual Trust

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

Investment Policies

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

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

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

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

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

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

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

2. **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 Medical Center 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 Medical Center, 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 Medical Center currently has a policy allowing interest and dividend income earned on investments to be used for operations with the goal of keeping principal, including its appreciation, intact.

Federal Grant Revenue and Expenditures

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

Malpractice Loss Contingencies

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

In accordance with Accounting Standards Update (ASU) No. 2010-24, "Health Care Entities" (Topic 954): *Presentation of Insurance Claims and Related Insurance Recoveries*, at June 30, 2016 and 2015, the Medical Center recorded a liability of \$12,262,255 and \$11,977,416, respectively, related to estimated professional liability losses covered under this policy. At June 30, 2016 and 2015, the Medical Center also recorded a receivable of \$8,514,255 and \$8,060,416, respectively, related to estimated recoveries under insurance coverage for recoveries of the potential losses. These amounts are included in accrued pension and other liabilities, and intangible assets and other, respectively, on the consolidated balance sheets.

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

2. Significant Accounting Policies (Continued)

Workers' Compensation

The Medical Center maintains workers' compensation insurance under a self-insured plan. The plan offers, among other provisions, certain specific and aggregate stop-loss coverage to protect the Medical Center against excessive losses. The Medical Center has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Accrued workers' compensation losses of \$2,878,971 and \$2,909,142 at June 30, 2016 and 2015, respectively, have been discounted at 1.25% and, in management's opinion, provide an adequate reserve for loss contingencies. At June 30, 2016, \$1,260,992 and \$1,617,979 is recorded within accounts payable and accrued expenses and accrued pension and other liabilities, respectively, in the accompanying consolidated balance sheets. The Medical Center has also recorded \$293,014 and \$434,929 within other current assets and intangible assets and other, respectively, in the accompanying consolidated balance sheets to limit the accrued losses to the retention amount at June 30, 2016. At June 30, 2015, \$1,270,628 and \$1,638,514 is recorded within accounts payable and accrued expenses and accrued pension and other liabilities, respectively, in the accompanying consolidated balance sheets. The Medical Center has also recorded \$266,399 and \$379,572 within other current assets and intangible assets and other, respectively, in the accompanying consolidated balance sheets to limit the accrued losses to the retention amount at June 30, 2015.

Health Insurance

The Medical Center 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 Medical Center is insured above a stop-loss amount of \$325,000 on individual claims. Estimated unpaid claims, and those claims incurred but not reported at June 30, 2016 and 2015 of \$3,401,522 and \$1,744,516, respectively, are reflected in the accompanying consolidated balance sheets within accounts payable and accrued expenses.

Advertising Costs

The Medical Center expenses advertising costs as incurred, and such costs totaled approximately \$1,169,000 and \$794,000 for the years ended June 30, 2016 and 2015, 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 Medical Center 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 Medical Center on July 1, 2018. ASU 2014-09 permits the use of either the retrospective or cumulative effect transition method. The Medical Center is evaluating the impact that ASU 2014-09 will have on its consolidated financial statements and related disclosures.

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

2. Significant Accounting Policies (Continued)

In April 2015, the FASB issued ASU No. 2015-03, *Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03). ASU 2015-03 simplifies the presentation of debt issuance costs and requires that the debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for the Medical Center's fiscal year ending June 30, 2017 with early adoption permitted. The Medical Center has elected to implement ASU 2015-03 in its 2016 consolidated financial statements (with retroactive application to 2015) which is allowed under the pronouncement. The adoption of this pronouncement did not materially affect the consolidated financial statements. See Note 5.

In May 2015, the FASB issued ASU No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* (ASU 2015-07). ASU 2015-07 removes the requirement to include investments in the fair value hierarchy for which fair value is measured using the net asset value per share practical expedient under ASC 820. ASU 2015-07 is effective for the Medical Center's fiscal year ending June 30, 2017 with early adoption permitted. The Medical Center has elected to implement ASU 2015-07 in its 2016 consolidated financial statements (with retroactive application to 2015 disclosures) which is allowed under the pronouncement. The adoption of this pronouncement did not materially affect the consolidated financial statements. See Notes 8 and 9.

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 Medical Center on July 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 Medical Center is currently evaluating the impact of the pending adoption of ASU 2016-02 on the Medical Center'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 Medical Center's fiscal year ending June 30, 2019, with early adoption permitted. The Medical Center is currently evaluating the impact of the pending adoption of ASU 2016-14 on the Medical Center's consolidated financial statements.

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

2. Significant Accounting Policies (Continued)

Reclassifications

Certain 2015 amounts have been reclassified to permit comparison with the 2016 consolidated financial statements presentation format.

Subsequent Events

Management of the Medical Center evaluated events occurring between the end of its fiscal year and September 20, 2016, the date the consolidated financial statements were available to be issued.

3. Net Patient Service Revenue

The following summarizes net patient service revenue for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Gross patient service revenue	\$1,057,880,936	\$943,098,621
Less contractual allowances	681,930,930	604,350,783
Less provision for doubtful accounts	<u>20,941,899</u>	<u>22,167,345</u>
Net patient service revenue	<u>\$ 355,008,107</u>	<u>\$316,580,493</u>

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

Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in net patient service revenues in the year that such amounts become known. The percentage of net patient service revenues earned from the Medicare and Medicaid programs was 30% and 5%, respectively, in 2016 and 36% and 5%, respectively, in 2015.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Medical Center believes that it is in compliance with all applicable laws and regulations; compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs (Note 15).

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

3. Net Patient Service Revenue (Continued)

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

The approximate percentages of patient service revenues, net of contractual allowances and discounts and provision for doubtful accounts for the years ended June 30, 2016 and 2015 from third-party payors and uninsured patients are as follows:

	<u>Third-Party Payors</u>	<u>Uninsured Patients</u>	<u>Total All Payors</u>
2016			
Patient service revenue, net of contractual allowance and discounts	99.4%	0.6%	100.0%
2015			
Patient service revenue, net of contractual allowance and discounts	99.6%	0.4%	100.0%

An estimated breakdown of patient service revenues, net of contractual allowances and discounts and provision for doubtful accounts recognized in 2016 and 2015 from major payor sources, is as follows:

	<u>Gross Patient Service Revenues</u>	<u>Contractual Allowances and Discounts</u>	<u>Provision for Doubtful Accounts</u>	<u>Net Patient Service Revenues Less Provision for Doubtful Accounts</u>
2016				
Private payors (includes coinsurance and deductibles)	\$ 394,162,888	\$158,628,522	\$ 4,412,464	\$ 231,121,902
Medicaid	117,033,337	99,155,009	1,321,966	16,556,362
Medicare	523,841,449	415,124,785	3,447,062	105,269,602
Self-pay	<u>22,843,262</u>	<u>9,022,614</u>	<u>11,760,407</u>	<u>2,060,241</u>
	<u>\$1,057,880,936</u>	<u>\$681,930,930</u>	<u>\$20,941,899</u>	<u>\$ 355,008,107</u>
2015				
Private payors (includes coinsurance and deductibles)	\$ 353,219,284	\$160,233,525	\$ 7,172,479	\$ 185,813,280
Medicaid	87,670,275	71,259,626	565,462	15,845,187
Medicare	470,671,868	355,372,319	1,543,558	113,755,991
Self-pay	<u>31,537,194</u>	<u>17,485,313</u>	<u>12,885,846</u>	<u>1,166,035</u>
	<u>\$ 943,098,621</u>	<u>\$604,350,783</u>	<u>\$22,167,345</u>	<u>\$ 316,580,493</u>

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

3. Net Patient Service Revenue (Continued)

The Medical Center recognizes changes in accounting estimates for net patient service revenues and third-party payor settlements as new events occur or as additional information is obtained. For the years ended June 30, 2016 and 2015, favorable adjustments recorded for changes to prior year estimates were approximately \$4,700,000 and \$2,400,000, respectively.

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 5.45% of the Medical Center's net patient service revenues in State fiscal year 2016 and 5.5% of the Medical Center's net patient service revenues in State fiscal year 2015, with certain exclusions. The amount of tax incurred by the Medical Center for 2016 and 2015 was \$15,778,153 and \$14,962,857, respectively.

In the fall of 2010, in order to remain in compliance with stated federal regulations, the State of New Hampshire adopted a new approach related to Medicaid disproportionate share funding (DSH) retroactive to July 1, 2010. Unlike the former funding method, the State's approach led to a payment that was not directly based on, and did not equate to, the level of tax imposed. As a result, the legislation created some level of losses at certain New Hampshire hospitals, while other hospitals realized gains. DSH payments from the State are recorded in operating revenues and amounted to \$11,421,493 in 2016 and \$2,452,816 in 2015, 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 in 2011 and 2012, 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 Medical Center has recorded reserves to address its exposure based on the audit results to date.

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. The Medical Center filed certain meaningful use attestations with CMS. Revenue totaling \$1,028,197 and \$1,397,358 associated with these meaningful use attestations is recorded as other revenue for the years ended June 30, 2016 and 2015, respectively.

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

4. Property, Plant and Equipment

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

	<u>Useful Lives</u>	<u>2016</u>	<u>2015</u>
Land and land improvements	2-40 years	\$ 1,207,869	\$ 1,207,869
Buildings and improvements	2-40 years	80,981,333	80,035,543
Fixed equipment	3-25 years	40,057,230	40,505,237
Movable equipment	3-25 years	105,774,552	103,407,894
Construction in progress		<u>2,165,901</u>	<u>2,837,272</u>
		230,186,885	227,993,815
Less accumulated depreciation and amortization		<u>148,473,963</u>	<u>147,040,706</u>
Net property, plant and equipment		<u>\$ 81,712,922</u>	<u>\$ 80,953,109</u>

Depreciation expense amounted to \$12,341,142 and \$10,854,424 for the years ended June 30, 2016 and 2015, respectively.

The cost of equipment under capital leases was \$7,844,527 at June 30, 2016 and 2015. Accumulated amortization of the leased equipment at June 30, 2016 and 2015 was \$5,217,627 and \$3,906,353, respectively. Amortization of assets under capital leases is included in depreciation and amortization expense.

5. Long-Term Debt and Note Payable

Long-term debt at June 30 consists of the following:

	<u>2016</u>	<u>2015</u>
New Hampshire Health and Education Facilities Authority (the Authority) Revenue Bonds:		
Series 2006 Bonds with interest ranging from 4.875% to 5.00% per year and principal payable in annual installments ranging from \$140,000 to \$835,000 through July 2036. In July 2016, Series 2015B Bonds were issued to refund these bonds in full, as described below	\$ 9,345,000	\$30,430,000
Series 2012 Bonds with interest ranging from 4.00% to 5.00% per year and principal payable in annual installments ranging from \$1,125,000 to \$2,755,000 through July 2032	29,805,000	32,065,000
Series 2015A Bonds with interest at a fixed rate of 2.27% per year and principal payable in annual installments ranging from \$185,000 to \$1,655,000 through July 2040	<u>24,070,000</u>	-
	63,220,000	62,495,000
Capitalized lease obligations	2,975,892	4,285,560
Unamortized original issue premiums/discounts	1,916,146	2,150,353
Unamortized debt issuance costs	<u>(703,688)</u>	<u>(731,733)</u>
	67,408,350	68,199,180
Less current portion	<u>(4,218,098)</u>	<u>(3,999,845)</u>
	<u>\$63,190,252</u>	<u>\$64,199,335</u>

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

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

In May 2006, the Medical Center, in connection with the Authority, issued \$32,910,000 of tax-exempt fixed rate revenue bonds (Series 2006). Under the terms of the loan agreements, the Medical Center has granted the Authority a first collateralized interest in all gross receipts and a mortgage lien on existing and future property, plant and equipment. The Medical Center is required to maintain a minimum debt service coverage ratio of 1.25. The Medical Center was in compliance with this covenant for the year ending June 30, 2016. The proceeds of the Series 2006 bond issue were used to advance refund \$9,010,000 of Series 2002A Bonds, to provide funding for renovating additional space and equipment at the Medical Center, and to provide a portion of the funding for the construction of a parking garage.

In December 2012, the Medical Center, in connection with the Authority, issued \$35,275,000 of tax-exempt fixed rate revenue bonds (Series 2012). Under the terms of the loan agreements, the Medical Center has granted the Authority a first collateralized interest in all gross receipts and a mortgage lien on existing and future property, plant and equipment. The Medical Center is required to maintain a minimum debt service coverage ratio of 1.20. The Medical Center was in compliance with this covenant for the year ending June 30, 2016. The proceeds of the Series 2012 bond issue were used to advance refund the remaining 2002A Bonds, advance refund certain 2002B Bonds, pay off a short term CAN note and fund certain capital purchases.

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

The Series 2015A Bonds were issued to provide funds for the purpose of (i) advance refunding a portion of the outstanding 2006 Bonds in an amount of \$20,655,000 to the first call date of July 1, 2016, (ii) funding certain construction projects and equipment purchases in an amount of approximately \$3,824,000, and (iii) paying the costs of issuance related to the Series 2015 Bonds. As a result of this partial advance refunding, a portion of the unamortized bond issuance costs and original issue discount related to the Series 2006 Bonds were included in the loss on extinguishment of debt, which totaled \$1,034,157 for the year ended June 30, 2016. As of June 30, 2016, \$20,655,000 of advance refunded bonds, which are considered extinguished for purposes of these consolidated financial statements, remain outstanding.

The Series 2015B Bonds were structured as drawdown bonds. On July 1, 2016, the full amount available under the Series 2015B Bonds totaling \$8,650,000 was drawn upon and the proceeds in combination with cash contributed by the Medical Center totaling \$555,000 were used to currently refund the remaining balance of the Series 2006 Bonds totaling \$9,205,000. As no amounts were drawn on the Series 2015B Bonds as of June 30, 2016, there is no outstanding principal reflected within long-term debt in the accompanying consolidated balance sheets as of June 30, 2016 related to the Series 2015B Bonds.

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

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

The Medical Center has an agreement with the Authority, which provides for the establishment of various funds, the use of which is generally restricted to the payment of debt. These funds are administered by a trustee, and income earned on certain of these funds is similarly restricted. One of the funds held by the trustee is a debt service reserve fund held solely for the benefit of the Series 2006 bonds. This fund may be used should the Medical Center fail to meet principal and interest payments on the Series 2006 bonds. The reserve fund requirement was \$557,864 as of June 30, 2016. The reserve fund requirement was subsequently removed as the Series 2006 Bonds were fully refunded by the Series 2015B Bonds on July 1, 2016, as previously discussed.

Interest paid by the Medical Center totaled \$2,776,490 and \$2,693,116 for the years ended June 30, 2016 and 2015, respectively.

Subsequent to the debt refinancing discussed above, aggregate principal payments due on the revenue bonds, capital lease obligations and other debt obligations for each of the five years ending June 30 and thereafter are as follows:

2017	\$ 4,218,098
2018	3,922,714
2019	4,021,301
2020	3,968,779
2021	3,580,000
Thereafter	<u>45,930,000</u>
	<u>\$65,640,892</u>

The fair value of the Medical Center's long-term debt is estimated using discounted cash flow analysis, based on the Medical Center's current incremental borrowing rate for similar types of borrowing arrangements. The fair value of the Medical Center's long-term debt, excluding capitalized lease obligations, was \$65,557,512 and \$64,294,967 at June 30, 2016 and 2015, respectively.

Pursuant to a Guaranty Agreement dated as of January 1, 1994 by and between Optima Health, Inc. (Optima) and the trustee for Hillcrest Terrace's (Hillcrest) Series 1994 Bond issue, later transferred from Optima to the Medical Center, the Medical Center has guaranteed to fund, up to a maximum cumulative amount of \$1,900,000, any deficiencies in Hillcrest's Debt Service Reserve Fund (the Reserve Fund) to the extent that the Reserve Fund value, as defined, is less than \$800,000. The Medical Center has made cumulative payments of \$251,564 as of June 30, 2016 and 2015 under this guarantee. The Medical Center had recorded a liability for the remaining \$1,648,436 as of June 30, 2015 within accrued pension and other liabilities in the accompanying consolidated balance sheets based upon management's estimate of future obligations. In July 2016, Hillcrest was acquired by an unrelated third party. As part of the acquisition, the outstanding debt of Hillcrest was refinanced and the Medical Center was released from its guaranty. As a result, the Medical Center has eliminated its \$1,648,436 guaranty liability at June 30, 2016 and recorded a recovery within supplies and other expense in the 2016 accompanying consolidated statement of operations.

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

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

Derivatives

The Medical Center uses derivative financial instruments principally to manage interest rate risk. In January 2016, the Medical Center entered into an interest rate swap agreement with an initial notional amount of \$8,650,000 in connection with its planned Series 2015B Bond issuance. The swap agreement hedges the Medical Center's interest exposure by effectively converting interest payments from variable rates to a fixed rate. The swap agreement is designated as a cash flow hedge of the underlying variable rate interest payments, and changes in the fair value of the swap agreement are reported as a change in unrestricted net assets. Under this agreement, the Medical Center pays a fixed rate equal to 1.482%, and receives a variable rate of 69.75% of the one-month LIBOR rate (0.325% at June 30, 2016). Payments under the swap agreement begin August 1, 2016 and the agreement will terminate August 1, 2025.

The fair value of the Medical Center's interest rate swap agreement amounted to a liability of \$462,570 as of June 30, 2016, which amount has been included within accrued pension and other liabilities in the accompanying consolidated balance sheets. The change in the fair value of this derivative of \$462,570 has been included within the consolidated statements of changes in net assets as a change in unrestricted net assets for the year ended June 30, 2016.

6. Note Receivable

During February 1994, Hillcrest, together with the Authority, restructured \$26,000,000 of special obligation revenue bonds (Series 1990). The bondholder consented to an amendment of the Series 1990 bond indenture, which permitted the redemption of the Series 1990 bonds at a price of 85% of the par value thereof, or \$22,100,000. The redemption was accomplished partially with the issuance of \$18,950,000 of Series 1994 revenue bonds to the Authority. The Authority then loaned, under a Loan Agreement and Mortgage, the proceeds thereof to Hillcrest, which proceeds, after payment of certain issuance expenses and accrued interest on the Series 1990 bonds, were used to pay a portion of the redemption price of the Series 1990 bonds. In addition, certain funds deposited into the Series 1990 Reserve Fund were paid to Fidelity Health Alliance, Inc. (the Medical Center's former parent company and one of the organizations which formed Optima and hereinafter referred to as Optima) to repay earlier advances. Optima then loaned \$2,581,528 to Hillcrest pursuant to a subordinated loan agreement. Hillcrest owed Optima \$400,856, which was converted from a current obligation to a long-term obligation and included in the subordinated loan agreement resulting in a total of \$2,982,384 owed to Optima. In conjunction with the disaffiliation from Optima effective July 1, 2000, the subordinated loan became payable to the Medical Center. Hillcrest used a portion of the subordinated loan to pay a portion of the redemption price of the Series 1990 bonds. Also, upon redemption of the Series 1990 bonds, \$1,500,000 from the Series 1990 Reserve Fund was transferred to the Series 1994 Reserve Fund and the remaining amount, \$1,074,000, of the Series 1990 Reserve Fund was used to pay a portion of the redemption price of the Series 1990 bonds. The subordinated loan is subordinated in all respects to the Series 1994 revenue bonds. During 2004, the subordinated loan was restructured by the Medical Center. The principal due was reduced. The new note bears interest at a stated rate of 5% per annum. The balance receivable from Hillcrest is \$800,600 and \$879,035 at June 30, 2016 and 2015, respectively. As of August 31, 2008, Hillcrest defaulted on their debt covenants. As a result, the Medical Center had reserved \$793,885 at June 30, 2015 against the note receivable in the event of default. As discussed in Note 5, in July 2016, Hillcrest was acquired by an unrelated third party. The Medical Center received full payment for the remaining note receivable balance subsequent to year end. As a result, no reserve was necessary at June 30, 2016.

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

7. Operating Leases

The Medical Center has various noncancelable agreements to lease various pieces of medical equipment. The Medical Center also has noncancelable leases for office space. The Medical Center has also assumed lease obligations for physician practices that became provider based. Certain real estate leases are with related parties. Total rent expense paid to related parties for the years ended June 30, 2016 and 2015 was \$1,657,032 and \$1,651,611, respectively. Rental expense under all leases for the years ended June 30, 2016 and 2015 was \$4,287,935 and \$5,043,849, respectively.

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

2017	\$ 3,792,664
2018	2,999,654
2019	2,265,555
2020	1,694,007
2021	1,639,415
Thereafter	<u>8,199,476</u>
	<u>\$20,590,771</u>

8. Investments and Assets Whose Use is Limited

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

	<u>2016</u>		<u>2015</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Cash and cash equivalents	\$ 7,164,580	\$ 7,164,580	\$ 6,740,841	\$ 6,740,841
U.S. federated treasury obligations	3,945,048	3,945,048	6,126,802	6,126,802
Marketable equity securities	29,024,260	26,710,178	32,268,622	27,825,249
Fixed income securities	46,786,047	46,869,043	40,608,173	40,851,024
Private investment funds	<u>47,919,006</u>	<u>30,501,744</u>	<u>51,471,785</u>	<u>33,219,309</u>
	<u>\$134,838,941</u>	<u>\$115,190,593</u>	<u>\$137,216,223</u>	<u>\$114,763,225</u>

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

8. Investments and Assets Whose Use is Limited

Investment income and realized gains and losses and unrealized depreciation are summarized as follows:

	<u>2016</u>	<u>2015</u>
Unrestricted:		
Nonoperating investment income	\$ 1,147,170	\$ 1,898,644
Realized (losses) gains on sales of investments, net	(845,551)	1,132,800
Change in unrealized depreciation on investments	<u>(2,332,577)</u>	<u>(1,519,111)</u>
	<u>\$ (2,030,958)</u>	<u>\$ 1,512,333</u>
Restricted:		
Investment income	\$ 1,393	\$ 2,314
Change in unrealized depreciation on investments	(37,878)	(14,371)
Changes in interest in perpetual trust	<u>(434,195)</u>	<u>167,919</u>
	<u>\$ (470,680)</u>	<u>\$ 155,862</u>

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

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

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

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

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

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

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

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

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

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

In determining the appropriate levels, the Medical Center performs a detailed analysis of the assets and liabilities. There have been no changes in the methodologies used at June 30, 2016 and 2015. 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, which is a change from the 2015 presentation. See Note 2.

The following is a description of the valuation methodologies used:

U.S. Federated Treasury Obligations and Fixed Income Securities

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

Marketable Equity Securities

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

Private Investment Funds

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

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

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

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

The following tables present information about the Medical Center's assets and liabilities measured at fair value on a recurring basis based upon the lowest level of significant input to the valuations.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
2016				
<u>Assets</u>				
Cash and cash equivalents	\$ 7,164,580	\$ —	\$ —	\$ 7,164,580
U.S. federated treasury obligations	3,945,048	—	—	3,945,048
Marketable equity securities	29,024,260	—	—	29,024,260
Fixed income securities	<u>46,786,047</u>	<u>—</u>	<u>—</u>	<u>46,786,047</u>
	<u>\$86,919,935</u>	<u>\$ —</u>	<u>\$ —</u>	86,919,935
Investments measured at net asset value:				
Private investment funds				<u>47,919,006</u>
Total assets at fair value				<u>\$134,838,941</u>
<u>Liabilities</u>				
Interest rate swap agreement	<u>\$ —</u>	<u>\$ —</u>	\$(462,570)	<u>\$ (462,570)</u>
2015				
<u>Assets</u>				
Cash and cash equivalents	\$ 6,740,841	\$ —	\$ —	\$ 6,740,841
U.S. federated treasury obligations	6,126,802	—	—	6,126,802
Marketable equity securities	32,268,622	—	—	32,268,622
Fixed income securities	<u>40,608,173</u>	<u>—</u>	<u>—</u>	<u>40,608,173</u>
	<u>\$85,744,438</u>	<u>\$ —</u>	<u>\$ —</u>	85,744,438
Investments measured at net asset value:				
Private investment funds				<u>51,471,785</u>
Total assets at fair value				<u>\$137,216,223</u>

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

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

The following tables present the liabilities carried at fair value as of June 30, 2016 and 2015 that are classified within Level 3 of the fair value hierarchy. The tables reflect gains and losses for the year. Additionally, both observable and unobservable inputs may be used to determine the fair value of positions that the Medical Center has classified within the Level 3 category. As a result, the unrealized gains and losses for liabilities within Level 3 may include changes in fair value that were attributable to both observable and unobservable inputs.

	<u>Fair Value Measurement Using Significant Unobservable Inputs (Level 3) Interest Rate Swap Agreement</u>
Balance at June 30, 2015	\$ -
Unrealized losses	<u>(462,570)</u>
Balance at June 30, 2016	<u>\$(462,570)</u>

There were no significant transfers between Levels 1, 2 or 3 for the years ended June 30, 2016 and 2015.

Net Asset Value Per Share

The following table discloses the fair value and redemption frequency of those assets whose fair value is estimated using the net asset value per share practical expedient at June 30, 2016 and 2015:

<u>Category</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Notice Period</u>
2016				
Private investment funds	\$39,788,388	\$ -	Daily/monthly	2-30 day notice
Private investment funds	8,130,618	-	Quarterly/ annually	65-95 day notice
2015				
Private investment funds	\$42,682,205	\$ -	Daily/monthly	2-30 day notice
Private investment funds	8,789,580	-	Quarterly/ annually	1-2 year lockup with 65-95 day notice

Investment Strategies

U.S. Federated Treasury Obligations and Fixed Income Securities

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

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

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

Marketable Equity Securities

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

Private Investment Funds

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

Fair Value of Other Financial Instruments

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

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

9. Retirement Benefits

A reconciliation of the changes in the Catholic Medical Center Pension Plan and the Medical Center's Supplemental Executive Retirement Plan projected benefit obligations and the fair value of assets for the years ended June 30, 2016 and 2015, and a statement of funded status of the plans as of June 30 for both years follows:

	<u>Catholic Medical Center Pension Plan</u>		<u>Pre-1987 Supplemental Executive Retirement Plan</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Changes in benefit obligations:				
Projected benefit obligations				
at beginning of year	\$ (250,014,863)	\$ (221,842,560)	\$ (5,111,842)	\$ (5,118,270)
Service cost	(900,000)	(700,000)	-	-
Interest cost	(11,004,675)	(10,007,872)	(177,723)	(175,754)
Benefits paid	8,173,151	5,033,040	428,637	466,642
Actuarial loss	(33,830,209)	(22,685,780)	(99,946)	(284,460)
Expenses paid	<u>1,927,274</u>	<u>188,309</u>	<u>-</u>	<u>-</u>
Projected benefit obligations				
at end of year	(285,649,322)	(250,014,863)	(4,960,874)	(5,111,842)
Changes in plan assets:				
Fair value of plan assets				
at beginning of year	178,653,038	172,988,705	-	-
Actual return on plan assets	(4,200,622)	885,682	-	-
Employer contributions	-	10,000,000	428,637	466,642
Benefits paid	(8,173,151)	(5,033,040)	(428,637)	(466,642)
Expenses paid	<u>(1,927,274)</u>	<u>(188,309)</u>	<u>-</u>	<u>-</u>
Fair value of plan assets				
at end of year	<u>164,351,991</u>	<u>178,653,038</u>	<u>-</u>	<u>-</u>
Funded status of plan at June 30	<u>\$ (121,297,331)</u>	<u>\$ (71,361,825)</u>	<u>\$ (4,960,874)</u>	<u>\$ (5,111,842)</u>
Amounts recognized in the balance sheets consist of:				
Current liability	\$ -	\$ -	\$ (414,364)	\$ (445,591)
Noncurrent liability	<u>(121,297,331)</u>	<u>(71,361,825)</u>	<u>(4,546,510)</u>	<u>(4,666,251)</u>
Net amount recognized	<u>\$ (121,297,331)</u>	<u>\$ (71,361,825)</u>	<u>\$ (4,960,874)</u>	<u>\$ (5,111,842)</u>

The net loss for the defined benefit pension plans that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is \$4,005,967.

The current portion of accrued pension costs included in the above amounts for the Medical Center amounted to \$414,364 and \$445,591 at June 30, 2016 and 2015, respectively, and has been included in accounts payable and accrued expenses.

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

9. Retirement Benefits (Continued)

The amounts recognized in unrestricted net assets for the years ended June 30, 2016 and 2015 consist of:

	<u>Catholic Medical Center Pension Plan</u>		<u>Pre-1987 Supplemental Executive Retirement Plan</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Amounts recognized in the consolidated balance sheets – total plan:				
Unrestricted net assets:				
Net loss	\$ (146,796,806)	\$ (97,927,049)	\$ (2,641,480)	\$ (2,678,302)
Net amount recognized	\$ (146,796,806)	\$ (97,927,049)	\$ (2,641,480)	\$ (2,678,302)

Net periodic pension cost includes the following components for the years ended June 30, 2016 and 2015:

	<u>Catholic Medical Center Pension Plan</u>		<u>Pre-1987 Supplemental Executive Retirement Plan</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Service cost	\$ 900,000	\$ 700,000	\$ –	\$ –
Interest cost	11,004,675	10,007,872	177,723	175,754
Expected return on plan assets	(13,208,955)	(12,253,677)	–	–
Amortization of actuarial loss	<u>2,370,029</u>	<u>2,139,276</u>	<u>136,768</u>	<u>144,236</u>
Net periodic pension cost	\$ <u>1,065,749</u>	\$ <u>593,471</u>	\$ <u>314,491</u>	\$ <u>319,990</u>

Other changes in plan assets and benefit obligations recognized in unrestricted net assets for the years ended June 30, 2016 and 2015 consist of:

	<u>Catholic Medical Center Pension Plan</u>		<u>Pre-1987 Supplemental Executive Retirement Plan</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net loss	\$51,239,786	\$ 34,053,775	\$ 99,946	\$ 284,460
Amortization of actuarial loss	<u>(2,370,029)</u>	<u>(2,139,276)</u>	<u>(136,768)</u>	<u>(144,236)</u>
Net amount recognized	\$ <u>48,869,757</u>	\$ <u>31,914,499</u>	\$ <u>(36,822)</u>	\$ <u>140,224</u>

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

9. Retirement Benefits (Continued)

The investments of the plans are comprised of the following at June 30:

	Target Allocation Fiscal Year 2016	Catholic Medical Center <u>Pension Plan</u>	
		<u>2016</u>	<u>2015</u>
Marketable equity securities	70.0%	68.5%	70.1%
Fixed income securities	20.0	20.5	20.0
Other	<u>10.0</u>	<u>11.0</u>	<u>9.9</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

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

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

	Catholic Medical Center <u>Pension Plan</u>		Pre-1987 Supplemental Executive <u>Retirement Plan</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Discount rate	3.69%	4.51%	2.94%	3.74%
Rate of compensation increase	N/A	N/A	N/A	N/A

The weighted-average assumptions used to determine the defined benefit pension plan's net periodic benefit costs for the years ended June 30 are as follows:

	Catholic Medical Center <u>Pension Plan</u>		Pre-1987 Supplemental Executive <u>Retirement Plan</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Discount rate	4.51%	4.37%	3.74%	3.53%
Rate of compensation increase	N/A	N/A	N/A	N/A
Expected long-term return on plan assets	7.50	7.50	N/A	N/A

The expected employer contributions for the fiscal year ending June 30, 2017 are not expected to be significant.

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

9. Retirement Benefits (Continued)

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

	<u>Catholic Medical Center Pension Plan</u>	<u>Pre-1987 Supplemental Executive Retirement Plan</u>
2017	\$ 7,152,171	\$ 410,463
2018	7,986,683	399,944
2019	8,848,456	388,835
2020	9,632,960	377,110
2021 - 2025	60,789,175	1,685,101

The Medical Center contributed \$428,637 to the Pre-1987 Supplemental Executive Retirement Plan for the year ended June 30, 2016. No contributions were made to the Catholic Medical Center Pension Plan for the year ended June 30, 2016. The Medical Center plans to make any necessary contributions during the upcoming fiscal 2017 year to ensure the plans continue to be adequately funded given the current market conditions.

The following fair value hierarchy tables present information about the financial assets of the above plans measured at fair value on a recurring basis based upon the lowest level of significant input valuation as of June 30, 2016 and 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
2016				
Cash and cash equivalents	\$ 2,253,370	\$ -	\$ -	\$ 2,253,370
Marketable equity securities	40,623,369	-	-	40,623,369
Fixed income securities	<u>33,668,845</u>	<u>-</u>	<u>-</u>	<u>33,668,845</u>
	<u>\$76,545,584</u>	<u>\$ -</u>	<u>\$ -</u>	76,545,584
Investments measured at net asset value:				
Private investment funds				<u>87,806,407</u>
Total assets at fair value				<u>\$164,351,991</u>
2015				
Cash and cash equivalents	\$ 1,784,219	\$ -	\$ -	\$ 1,784,219
Marketable equity securities	43,774,317	-	-	43,774,317
Fixed income securities	<u>30,954,530</u>	<u>-</u>	<u>-</u>	<u>30,954,530</u>
	<u>\$76,513,066</u>	<u>\$ -</u>	<u>\$ -</u>	76,513,066
Investments measured at net asset value:				
Private investment funds				<u>102,139,972</u>
Total assets at fair value				<u>\$178,653,038</u>

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

9. Retirement Benefits (Continued)

In accordance with ASU 2015-07, as discussed in Note 8, certain investments that are measured using the net asset value per share practical expedient have not been classified in the fair value hierarchy above, which is a change from the 2015 presentation. See Note 2.

10. Related Party Transactions

During 2016 and 2015, the Medical Center made and received transfers of net assets (to) from affiliated organizations as follows:

	<u>2016</u>	<u>2015</u>
Alliance Health Services	\$ (5,940,000)	\$ (4,325,000)
Physician Practice Associates	(20,437,500)	(15,355,000)
Alliance Ambulatory Service	2,100,000	2,700,000
Alliance Resources	(2,627,000)	-
NH Medical Laboratory	(30,000)	(121,000)
Saint Peter's Home	<u>229</u>	<u>401</u>
	<u>\$ (26,934,271)</u>	<u>\$ (17,100,599)</u>

The Medical Center enters into various other transactions with the aforementioned related organizations as well as certain other related organizations. The net effect of these transactions was an amount due to affiliates of \$1,575,783 and \$1,375,956 at June 30, 2016 and 2015, respectively. See Note 7 for related party leasing activity.

11. Functional Expenses

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

	<u>2016</u>	<u>2015</u>
Health care services	\$272,024,819	\$ 252,127,420
General and administrative	<u>61,813,665</u>	<u>51,451,154</u>
	<u>\$333,838,484</u>	<u>\$ 303,578,574</u>

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

12. Concentration of Credit Risk

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

	<u>2016</u>	<u>2015</u>
Medicare	44%	40%
Medicaid	12	13
Commercial insurance and other	19	20
Patients (self pay)	8	10
Anthem Blue Cross	<u>17</u>	<u>17</u>
	<u>100%</u>	<u>100%</u>

13. Endowments

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

At June 30, 2016 and 2015, the endowment net asset composition by type of fund consisted of the following:

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>Total</u>
2016				
Donor-restricted funds	\$ -	\$395,655	\$7,844,432	\$ 8,240,087
Board-designated funds	<u>81,676,681</u>	<u>-</u>	<u>-</u>	<u>81,676,681</u>
Total funds	<u>\$81,676,681</u>	<u>\$395,655</u>	<u>\$7,844,432</u>	<u>\$89,916,768</u>
2015				
Donor-restricted funds	\$ -	\$330,158	\$8,316,483	\$ 8,646,641
Board-designated funds	<u>83,761,846</u>	<u>-</u>	<u>-</u>	<u>83,761,846</u>
Total funds	<u>\$83,761,846</u>	<u>\$330,158</u>	<u>\$8,316,483</u>	<u>\$92,408,487</u>

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

13. Endowments (Continued)

Changes in endowment net assets consisted of the following for the fiscal years ended June 30:

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>Total</u>
Balance at June 30, 2014	\$82,783,276	\$ 528,802	\$8,161,758	\$91,473,836
Investment return:				
Investment income	893,885	1,137	1,177	896,199
Net (depreciation) appreciation (realized and unrealized)	<u>(187,315)</u>	<u>—</u>	<u>153,548</u>	<u>(33,767)</u>
Total investment gain	706,570	1,137	154,725	862,432
Contributions	—	94,278	—	94,278
Appropriation for operations	—	(22,059)	—	(22,059)
Appropriation for capital	<u>272,000</u>	<u>(272,000)</u>	<u>—</u>	<u>—</u>
Balance at June 30, 2015	83,761,846	330,158	8,316,483	92,408,487
Investment return:				
Investment income	936,206	1,371	22	937,599
Net depreciation (realized and unrealized)	<u>(3,096,393)</u>	<u>—</u>	<u>(472,073)</u>	<u>(3,568,466)</u>
Total investment (loss) gain	(2,160,187)	1,371	(472,051)	(2,630,867)
Contributions	—	182,178	—	182,178
Appropriation for operations	—	(43,030)	—	(43,030)
Appropriation for capital	<u>75,022</u>	<u>(75,022)</u>	<u>—</u>	<u>—</u>
Balance at June 30, 2016	<u>\$81,676,681</u>	<u>\$ 395,655</u>	<u>\$7,844,432</u>	<u>\$89,916,768</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Medical Center to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2016 and 2015.

14. Investments in Joint Venture

During 2015, the Medical Center, along with four other participating hospitals and Tufts Health Plan, formed Tufts Health Freedom Plan (THFP), a joint venture. THFP is a health insurance company which began operations as of January 1, 2016. The Medical Center has a 10% ownership interest in this joint venture.

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

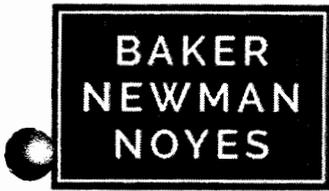
15. Commitments and Contingencies

Litigation

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

Regulatory

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



**INDEPENDENT AUDITORS' REPORT
ON OTHER FINANCIAL INFORMATION**

Board of Trustees
Catholic Medical Center and Subsidiary

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Newman & Noyes LLC

Manchester, New Hampshire
September 20, 2016

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
CONSOLIDATING BALANCE SHEETS

June 30, 2016 and 2015

ASSETS

	2016		2015			
	Catholic Medical Center	CMC Ancil- lary Health Services, LLC	Elimi- nations	CMC Ancil- lary Health Services, LLC	Elimi- nations	Consol- idated
Current assets:						
Cash and cash equivalents	\$ 38,963,822	\$ 212,423	\$ -	\$ 36,179,524	\$ -	\$ 36,274,074
Short-term investments	26,650,428	-	-	26,347,421	-	26,347,421
Accounts receivable from patients, net	47,825,701	34,394	-	38,550,588	-	38,585,556
Inventories	3,199,310	-	-	2,124,292	-	2,124,292
Other current assets	<u>6,314,657</u>	<u>-</u>	<u>-</u>	<u>4,387,258</u>	<u>-</u>	<u>4,387,258</u>
Total current assets	122,953,918	246,817	-	107,589,083	129,518	107,718,601
Property, plant and equipment, net	81,712,922	-	-	80,953,109	-	80,953,109
Other assets:						
Note receivable, net	711,093	-	-	-	-	-
Intangible assets and other	<u>10,051,221</u>	<u>-</u>	<u>-</u>	<u>10,207,121</u>	<u>-</u>	<u>10,207,121</u>
Total other assets	10,762,314	-	-	10,207,121	-	10,207,121
Assets whose use is limited:						
Pension and insurance obligations	14,326,697	-	-	12,333,513	-	12,333,513
Board designated and donor restricted investments	89,916,768	-	-	92,408,487	-	92,408,487
Held by trustee under revenue bond agreements	<u>3,945,048</u>	<u>-</u>	<u>-</u>	<u>6,126,802</u>	<u>-</u>	<u>6,126,802</u>
Total assets whose use is limited	<u>108,188,513</u>	<u>-</u>	<u>-</u>	<u>110,868,802</u>	<u>-</u>	<u>110,868,802</u>
Total assets	<u>\$ 323,617,667</u>	<u>\$ 246,817</u>	<u>\$ -</u>	<u>\$ 309,618,115</u>	<u>\$ 129,518</u>	<u>\$ 309,747,633</u>

LIABILITIES AND NET ASSETS

	2016			2015				
	Catholic Medical Center	CMC Ancil- lary Health Services, LLC	Elimi- nations	Conso- lidated	Catholic Medical Center	CMC Ancil- lary Health Services, LLC	Elimi- nations	Conso- lidated
Current liabilities:								
Accounts payable and accrued expenses	\$ 20,778,531	\$ 408	\$ -	\$ 20,778,939	\$ 19,868,048	\$ 204	\$ -	\$ 19,868,252
Accrued salaries, wages and related accounts	12,086,857	-	-	12,086,857	15,084,630	-	-	15,084,630
Amounts payable to third-party payors	12,869,289	-	-	12,869,289	10,535,852	-	-	10,535,852
Amounts due to affiliates	1,575,783	-	-	1,575,783	1,375,956	-	-	1,375,956
Current portion of long-term debt	4,218,098	-	-	4,218,098	3,999,845	-	-	3,999,845
Total current liabilities	51,528,558	408	-	51,528,966	50,864,331	204	-	50,864,535
Accrued pension and other liabilities, less current portion	130,914,684	-	-	130,914,684	87,774,564	-	-	87,774,564
Long-term debt, less current portion	63,190,252	-	-	63,190,252	64,199,335	-	-	64,199,335
Total liabilities	245,633,494	408	-	245,633,902	202,838,230	204	-	202,838,434
Net assets:								
Unrestricted	69,744,086	246,409	-	69,990,495	98,133,244	129,314	-	98,262,558
Temporarily restricted	395,655	-	-	395,655	330,158	-	-	330,158
Permanently restricted	7,844,432	-	-	7,844,432	8,316,483	-	-	8,316,483
Total net assets	77,984,173	246,409	-	78,230,582	106,779,885	129,314	-	106,909,199
Total liabilities and net assets	<u>\$ 323,617,667</u>	<u>\$ 246,817</u>	<u>\$ -</u>	<u>\$ 323,864,484</u>	<u>\$ 309,618,115</u>	<u>\$ 129,518</u>	<u>\$ -</u>	<u>\$ 309,747,633</u>

CATHOLIC MEDICAL CENTER AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF OPERATIONS

Years Ended June 30, 2016 and 2015

	2016			2015				
	Catholic Medical Center	CMC Ancil- lary Health Services, LLC	Elimi- nations	Consol- idated	Catholic Medical Center	CMC Ancil- lary Health Services, LLC	Elimi- nations	Consol- idated
Net patient service revenues, net of contractual allowances and discounts	\$ 375,838,648	\$ 111,358	\$ -	\$ 375,950,006	\$ 338,622,797	\$ 125,041	\$ -	\$ 338,747,838
Provision for doubtful accounts	<u>(20,943,778)</u>	<u>1,879</u>	<u>-</u>	<u>(20,941,899)</u>	<u>(22,168,150)</u>	<u>805</u>	<u>-</u>	<u>(22,167,345)</u>
Net patient service revenues less provision for doubtful accounts	354,894,870	113,237	-	355,008,107	316,454,647	125,846	-	316,580,493
Other revenue	11,526,894	-	-	11,526,894	10,153,523	-	-	10,153,523
Disproportionate share funding	11,421,493	-	-	11,421,493	2,452,816	-	-	2,452,816
Total revenues	<u>377,843,257</u>	<u>113,237</u>	<u>-</u>	<u>377,956,494</u>	<u>329,060,986</u>	<u>125,846</u>	<u>-</u>	<u>329,186,832</u>
Expenses:								
Salaries, wages and fringe benefits	178,614,888	-	-	178,614,888	163,536,150	-	-	163,536,150
Supplies and other	124,684,235	111,411	-	124,795,646	111,262,177	146,616	-	111,408,793
New Hampshire Medicaid enhancement tax	15,778,153	-	-	15,778,153	14,962,857	-	-	14,962,857
Depreciation and amortization	12,441,142	-	-	12,441,142	10,953,213	-	-	10,953,213
Interest	2,208,655	-	-	2,208,655	2,717,561	-	-	2,717,561
Total expenses	<u>333,727,073</u>	<u>111,411</u>	<u>-</u>	<u>333,838,484</u>	<u>303,431,958</u>	<u>146,616</u>	<u>-</u>	<u>303,578,574</u>
Income (loss) from operations	44,116,184	1,826	-	44,118,010	25,629,028	(20,770)	-	25,608,258
Nonoperating gains (losses):								
Investment income	1,147,170	-	-	1,147,170	1,898,644	-	-	1,898,644
Net realized (losses) gains on sale of investments	(845,551)	-	-	(845,551)	1,132,800	-	-	1,132,800
Loss on extinguishment of debt	<u>(1,034,157)</u>	<u>-</u>	<u>-</u>	<u>(1,034,157)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating (losses) gains, net	<u>(732,538)</u>	<u>-</u>	<u>-</u>	<u>(732,538)</u>	<u>3,031,444</u>	<u>-</u>	<u>-</u>	<u>3,031,444</u>
Excess (deficiency) of revenues and (losses) gains over expenses	43,383,646	1,826	-	43,385,472	28,660,472	(20,770)	-	28,639,702
Unrealized depreciation on investments	(2,332,577)	-	-	(2,332,577)	(1,519,111)	-	-	(1,519,111)
Change in fair value of interest rate swap agreement	(462,570)	-	-	(462,570)	-	-	-	-
Assets released from restriction used for capital	75,022	-	-	75,022	272,000	-	-	272,000
Pension-related changes other than net periodic pension cost	(42,003,139)	-	-	(42,003,139)	(28,985,617)	-	-	(28,985,617)
Net assets transferred to affiliates	<u>(27,049,540)</u>	<u>115,269</u>	<u>-</u>	<u>(26,934,271)</u>	<u>(17,250,683)</u>	<u>150,084</u>	<u>-</u>	<u>(17,100,599)</u>
(Decrease) increase in unrestricted net assets	(28,389,158)	117,095	-	(28,272,063)	(18,822,939)	129,314	-	(18,693,625)
Unrestricted net assets at beginning of year	98,133,244	129,314	-	98,262,558	116,956,183	-	-	116,956,183
Unrestricted net assets at end of year	<u>\$ 69,744,086</u>	<u>\$ 246,409</u>	<u>\$ -</u>	<u>\$ 69,990,495</u>	<u>\$ 98,133,244</u>	<u>\$ 129,314</u>	<u>\$ -</u>	<u>\$ 98,262,558</u>

**Catholic Medical Center
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EXPERIENCE

CATHOLIC MEDICAL CENTER, Manchester, NH 2008 - Present
A 330-bed acute care facility, specializing in cardiac care.

Director, Laboratory Services 2016 - Present
Responsible for providing laboratory services through 120 exempt/non-exempt professional and support staff, in a 24/7 environment with hospital-based laboratory, 2 satellite collection and testing laboratory sites and 9 laboratory patient service centers. Responsible for \$13 million dollar budget.

Manager, Laboratory Support Operations 2013 - 2016
Responsible for oversight of Laboratory Compliance, Billing, Lab Information Systems, Phlebotomy Service Centers, Outreach, and the Phlebotomy Service Centers. Manage 2 satellite collection and testing laboratory sites and 8 laboratory patient service centers.

Supervisor, Laboratory Microbiology Section 2008 - 2013
Responsible for Supervising a staff of 6 FTE's and oversight of 86,000 billable tests per year. Manage a budget of \$1 million. Update Policies and Procedures. Train staff for competencies and comply with all accrediting agencies.

DARTMOUTH HITCHCOCK MEDICAL CENTER, Lebanon, NH 2003 - 2008

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

FLETCHER ALLEN HEALTHCARE, Burlington, VT 1999 - 2003
A 300-bed acute care facility, specializing in emergency and regional medicine.

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

EDUCATION

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

MEMBERSHIPS

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

JOAN MONACO, MT



EXPERIENCE

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

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

METROWEST MEDICAL CENTER, Framingham, MA 2016 - 2017

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

BOSTON HEART DIAGNOSTICS, Framingham, MA 2014-2016

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

MILFORD REGIONAL MEDICAL CENTER, Milford, MA 2011-2014

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

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

EDUCATION

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

BECKY-LEE NORDQUIST



EXPERIENCE

CATHOLIC MEDICAL CENTER, Manchester, NH

2016 - Present

Supervisor, Lab Client Support

Responsible for oversight of Laboratory Outreach Billing, Customer Support,

CATHOLIC MEDICAL CENTER, Manchester, NH

2007 - 2016

Patient/Client Account Representative for Laboratory Services

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

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

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

Symmetry Medical Polyvac, Manchester, NH

2003-2006

Office Assistant:

Answered and directed calls from multi-line switchboard.

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

EDUCATION

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

2018

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

2015

Management Leadership Series 6, Catholic Medical Center

2015-2016

Management Boot Camp, Catholic Medical Center

2014

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

2007

PENNY KNIGHTS LAJOIE

Work Experience

NORTHEAST DERMATOLOGY ASSOCIATES, LONDONDERRY, NH

2002-present

Medical Assistant / Surgical Technician

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

NEW HAMPSHIRE MEDICAL LABORATORIES, MANCHESTER, NH

1989-2002

Supervisor of Phlebotomy & Patient Care Centers and Administrative Call Rotation

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

Lead Phlebotomist

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

Satellite Station Phlebotomist and Customer Representative

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

ANNA JACQUES HOSPITAL, NEWBURYPORT, MA

1986-1989

Phlebotomy Supervisor and Section Supervisor of Urinalysis

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

UPPER CONNECTICUT VALLEY HOSPITAL, COLEBROOK, NH

1979-1982

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

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

References upon request.

ELIJAH DUMONT

EXPERIENCE

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

2014 - Present

Phlebotomist

Responsible for the identification, collection, labeling, stabilization and transport of patient specimens at the patient service center(s) and various client sites, according to established methods and procedures.

ELLIOT HOSPITAL, Manchester, NH

2013 - 2014

Phlebotomist

Responsible for the identification, collection, labeling, stabilization and transport of patient specimens at the patient service center(s) and various client sites, according to established methods and procedures.

EDUCATION

Southern New Hampshire University, Psychology, Hooksett, NH
Manchester Community College, Phlebotomy 1 & 2, Manchester, NH
Memorial High School, Manchester, NH Diploma

ANDREA HADDAD

EXPERIENCE

CATHOLIC MEDICAL CENTER, Manchester, NH 2008 - Present
A 330-bed acute care facility, specializing in cardiac care.

Phlebotomist

Responsible for the identification, collection, labeling, stabilization and transport of patient specimens at the patient service center(s) and various client sites, according to established methods and procedures.

LABCORP, Portsmouth, NH 2001 - 2006

Phlebotomist

Responsible for the identification, collection, labeling, data entry, stabilization and transport of patient specimens at the patient service center(s) and various client sites, according to established methods and procedures.

NEW HAMPSHIRE MEDICAL LAB, Manchester, NH 1999 - 2001

Phlebotomist

Responsible for the identification, collection, labeling, data entry, stabilization and transport of patient specimens at the patient service center(s) and various client sites, according to established methods and procedures.

CENTRAL MAINE MEDICAL CENTER, Lewiston, ME 1991 - 1998

Phlebotomist/Lab Assistant

Responsible for the identification, collection, labeling, data entry, stabilization and transport of patient specimens at the patient service center(s) and various client sites, according to established methods and procedures.

EDUCATION

Mid-State College, Auburn, ME - Associate Degree, Medical Assistant

St. Dominic's Regional High School, Lewiston, ME - Diploma

PROFESSIONAL LICENSE / CERTIFICATION

American Society of Clinical Pathologists, Phlebotomy Technician, PBT(ASCP)-11287; 9/30/1994

KEY ADMINISTRATIVE PERSONNEL

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

Agency Name: Catholic Medical Center

Name of Bureau/Section: _____

BUDGET PERIOD:	FY 2016-2017		
Name & Title Key Administrative Personnel	Annual Salary Of Key Administrative Personnel	Percentage of Salary Paid By Contract	101a1 Salary Amount Paid By Contract
Joseph Pepe, MD – President & CEO	\$ 535,600	0.00%	\$0.00
Edward L. Dudley, III Exec VP / CFO	\$ 359,189	0.00%	\$0.00
Alexander J. Walker Jr, Exec FP / COO	\$ 360,506	0.00%	\$0.00
		0.00%	\$0.00
		0.00%	\$0.00
		0.00%	\$0.00
TOTAL SALARIES (Not to exceed Total/Salary Wages, Line Item 1 of Budget request)			\$0.00

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

CONTRACTOR NAME

Key Personnel

Name	Job Title	Salary	% Paid from this Contract	Amount Paid from this Contract
Lorrie Woodward	Director, Laboratory	\$116,480	0.1%	\$116.48
Joan Monaco	Manager, Laboratory	\$105,019	0.1%	\$105.02
Becky Nordquist	Supervisor, Client Services	\$51,979	1.0%	\$519.79
Penny Lajoie	Supervisor, Phlebotomy	\$88,524	1.0%	\$885.24
Andrea Haddad	Phlebotomist III	\$50,003	5.0%	\$2500.15
Elijah Dumont	Phlebotomist II	\$29,723	4.0%	\$1188.93

CMC Laboratory Response:

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



Nicholas A. Toumpas
Commissioner

Lorraine Bartlett
Director

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

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

April 7, 2015

YV

12

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

REQUESTED ACTION

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

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

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

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

EXPLANATION

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

The original contract was competitively bid.

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

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

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

Source of funds: 100% General funds

Respectfully submitted,



Mary Ann Cooney
Associate Commissioner

Approved by:


Nicholas A. Toumpas
Commissioner



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

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

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

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

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

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

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

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

To amend as follows:

1. Form P-37, General Provisions, Item 1.7, Completion Date, to read:
June 30, 2017
2. Form P-37, General Provisions, Item 1.8, Price Limitation, to read:
\$108,000
3. Form P-37, General Provisions, Item 1.9, Contracting Officer for State Agency, to read:
Eric D. Borrin
4. Form P-37, General Provisions, Item 1.10, to read:
(603) 271-9558
5. Exhibit A, Scope of Services, CONTRACT PERIOD, to read:
July 1, 2013 to June 30, 2017
6. Exhibit A, Scope of Services, Program Specifications, Section B. Program Operations, Paragraph 1 to read:
 1. Laboratory Services. The contractor agrees that all laboratory services to be provided, including those laboratory services referenced in Exhibit B-1 and Exhibit B2 – Amendment #1, meet the requirements of The Joint Commission, the Clinical Laboratory Improvement Act of 1988 (CLIA), as amended, or any other applicable accrediting bodies. The vendor agrees to notify the Division in writing within five (5) working days after notification that the



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

- abovementioned services do not meet these requirements or that the vendor as a whole did not meet The Joint Commission or any other applicable accrediting agencies requirements.
7. Exhibit B, Method, Schedule, and Conditions Precedent to Payment, Program Period to read: July 1, 2013 to June 30, 2017
 8. Exhibit B, Method, Schedule, and Conditions Precedent to Payment, Paragraph 1, to read:
Subject to the availability of Federal funds, and in consideration for the satisfactory completion of the Services to be performed under this Agreement, the Division for Children, Youth and Families agrees to purchase from the Contractor, services in an amount not to exceed the amount in Form P-37, General Provisions, Item 1.8, Price Limitation.
 9. Exhibit B, Method, Schedule, and Conditions Precedent to Payment, Paragraph 1.2., to read:
Expenditures for each State Fiscal Year of the agreement shall be in accordance with the line items as shown in the Exhibit B-2 - Rate Table.
 10. Add Exhibit B-2 – Amendment #1.
 11. Delete Standard Exhibit C, Special Provisions, and replace with Exhibit C, Special Provisions.
 12. Add Standard Exhibit C-1, Additional Special Provisions, Paragraph 2 to read:
 2. Subparagraph 14.1.1 of the General Provisions of this contract, is deleted and the following subparagraph is added:
14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$1,000,000 per occurrence with additional general liability umbrella insurance coverage of not less than \$1,000,000; and
 13. Standard Exhibit D, Certification Regarding Drug-Free Workplace Requirements, Period Covered by this Certification, to read:
From 7/1/2013 to 6/30/2017
 14. Delete Standard Exhibit G, Certification Regarding the Americans with Disabilities Act Compliance, and replace with Exhibit G, Certification of Compliance with Requirements Pertaining to Federal Nondiscrimination, Equal Treatment of Faith-Based Organizations and Whistleblower Protections.



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

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

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

State of New Hampshire
Department of Health and Human Services

4/1/15
Date

[Signature]
Mary Ann Cooney
Associate Commissioner

Catholic Medical Center Laboratory

3/26/15
Date

[Signature]
Name: Joseph Pepe, MD
Title: President & CEO

Acknowledgement:

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

Signature of Notary Public or Justice of the Peace

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



RP/CS

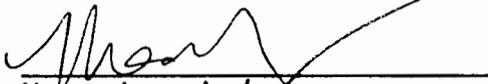


New Hampshire Department of Health and Human Services
Laboratory Services for the John H. Sununu Youth Services Center

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

OFFICE OF THE ATTORNEY GENERAL

4/6/15
Date


Name: Megan A. York
Title: Attorney

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

OFFICE OF THE SECRETARY OF STATE

Date

Name:
Title:

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

**EXHIBIT B-2 - Amendment #1
PERSONNEL DATA - Catholic Medical Center - Laboratory Services**

State Fiscal Year 2016

	Name	Title	Annual Salary	% of Time to Work on the Project	Project Amount Charged for SFY 2016 (7/1/15 - 6/30/16)
1	Roberta Provencal	Executive Director, Laboratory	\$ 135,844.80	0.1%	\$ 13.58
2	Amy Schultz	Lab Technical Operations Mgr	\$ 100,713.60	0.1%	\$ 10.07
3	Thomas Hebert	Lab Outreach Liaison	\$ 73,831.69	1%	\$ 738.32
4	Penny Lajoie	Phlebotomy Supervisor	\$ 81,861.10	1%	\$ 818.61
5	Andrea Haddad	Phlebotomist 3	\$ 36,608.00	5%	\$ 1,830.40
6	Stephanie Caron	Phlebotomist 3	\$ 34,320.00	4%	\$ 1,372.80
7			\$ -		\$ -
8					
9					
Total:					\$ 4,783.78

State Fiscal Year 2017

	Name	Title	Annual Salary	% of Time to Work on the Project	Project Amount Charged for SFY 2017 (7/1/16 - 6/30/17)
1	Roberta Provencal	Executive Director, Laboratory	\$ 135,844.80	0.1%	\$ 13.58
2	Amy Schultz	Lab Technical Operations Mgr	\$ 100,713.60	0.1%	\$ 10.07
3	Thomas Hebert	Lab Outreach Liaison	\$ 73,831.69	1%	\$ 738.32
4	Penny Lajoie	Phlebotomy Supervisor	\$ 81,861.10	1%	\$ 818.61
5	Andrea Haddad	Phlebotomist 3	\$ 36,608.00	5%	\$ 1,830.40
6	Stephanie Caron	Phlebotomist 3	\$ 34,320.00	4%	\$ 1,372.80
7			\$ -		\$ -
8					
9					
Total:					\$ 4,783.78



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

17. **Limited English Proficiency (LEP):** As clarified by Executive Order 13166, Improving Access to Services for persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination on the basis of limited English proficiency (LEP). To ensure compliance with the Omnibus Crime Control and Safe Streets Act of 1968 and Title VI of the Civil Rights Act of 1964, Contractors must take reasonable steps to ensure that LEP persons have meaningful access to its programs.

18. **Pilot Program for Enhancement of Contractor Employee Whistleblower Protections:** The following shall apply to all contracts that exceed the Simplified Acquisition Threshold as defined in 48 CFR 2.101 (currently, \$150,000)

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

(a) This contract and employees working on this contract will be subject to the whistleblower rights and remedies in the pilot program on Contractor employee whistleblower protections established at 41 U.S.C. 4712 by section 828 of the National Defense Authorization Act for Fiscal Year 2013 (Pub. L. 112-239) and FAR 3.908.

(b) The Contractor shall inform its employees in writing, in the predominant language of the workforce, of employee whistleblower rights and protections under 41 U.S.C. 4712, as described in section 3.908 of the Federal Acquisition Regulation.

(c) The Contractor shall insert the substance of this clause, including this paragraph (c), in all subcontracts over the simplified acquisition threshold.

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

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

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



- 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.

JP
3/26/15



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

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

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

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

The certificate set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or government wide suspension or debarment.

Exhibit G

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

Contractor Initials

3/20/15

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:

3/26/15
Date


Name: Joseph Pepe, MD
Title: President & CEO

Exhibit G

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

Contractor Initials





Nicholas A. Toumpas
Commissioner

Maggie Bishop
Director

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

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

81 98

6/5/13 #81

April 19, 2013

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

100% general

REQUESTED ACTION

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

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

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

EXPLANATION

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

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council

April 19, 2013

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Competitive Bidding Process

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

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

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

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

Agreement Terms

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

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

Source of funds: 100% General funds

Respectfully submitted,

Maggie Bishop (LES)

Maggie Bishop
Director

Approved by:

Nicholas A. Toumpas
Nicholas A. Toumpas
Commissioner

State of NH
Proposed Evaluation Summary
RFP Name: SYSC Lab Svcs

Date: 11-13-12

Evaluator Name: Average of All Scores

Agency Capacity Section (Up to 12 Points Total)	Average		Raw		Individual Evaluator Scores				
	Average	Raw	Average	Raw	7th Arling Appling	John Carrico Bourgeois	John Herrington	Elliot Hospital (EH)	
	4.00	12.00	3.67	11.00	4.00	4.00	4.00	0.00	
a	4.00	12.00	3.67	11.00	4.00	4.00	4.00	0.00	
b	4.00	12.00	3.33	10.00	4.00	4.00	4.00	0.00	
c	4.00	12.00	4.00	12.00	4.00	4.00	4.00	0.00	
Sub Total	12.00	36.00	11.00	33.00	12.00	12.00	12.00	0.00	
2. Program Structure/Plan of Operation Section (Up to 48 Points Total)									
a	7.67	23.00	6.33	19.00	8.00	8.00	7.00	0.00	
b	7.67	23.00	1.67	5.00	8.00	8.00	0.00	0.00	
c	7.67	23.00	6.67	20.00	8.00	8.00	7.00	0.00	
d	7.33	22.00	6.33	19.00	8.00	7.00	7.00	0.00	
e	7.67	23.00	3.33	10.00	8.00	8.00	7.00	0.00	
f	7.00	21.00	1.33	4.00	7.00	7.00	0.00	0.00	
Sub Total	45.00	135.00	25.67	77.00	47.00	42.00	27.00	0.00	
3. Budget and Justification (Up to 32 Points Total)									
a	7.00	21.00	4.25	17.00	7.00	7.00	6.00	0.00	
b	6.33	19.00	3.50	14.00	6.00	6.00	6.00	0.00	
c	7.67	23.00	5.50	22.00	8.00	8.00	7.00	0.00	
d	7.67	23.00	4.25	17.00	8.00	8.00	6.00	0.00	
Sub Total	28.67	86.00	23.33	70.00	29.00	28.00	22.00	0.00	

Proposal Eval Summary 3 People

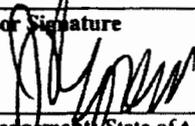
Subject: John H. Sununu Youth Services Laboratory Services

AGREEMENT

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

GENERAL PROVISIONS

1. IDENTIFICATION.

1.1 State Agency Name Department of Health and Human Services Division for Children, Youth and Familie		1.2 State Agency Address 129 Pleasant Street Concord, NH 03301	
1.3 Contractor Name Catholic Medical Center Laboratory		1.4 Contractor Address 100 McGregor Street Manchester, NH 03102	
1.5 Contractor Phone Number 603-668-3545	1.6 Account Number 10-040-58130000-101-500729	1.7 Completion Date 6/30/2015	1.8 Price Limitation \$54,000.00
1.9 Contracting Officer for State Agency John Harrington		1.10 State Agency Telephone Number 603-271-9540	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory Joseph Pepe, MD, CEO & President, CMC	
1.13 Acknowledgement: State of <u>NH</u> , County of <u>Hillsborough</u> On <u>4/8/13</u> before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.14 Signature of Notary Public or Justice of the Peace  <u>Dorothy C. Welsh</u>			
1.15 Name and Title of Notary or Justice of the Peace <u>Dorothy C. Welsh</u> Notary Public			
1.14 State Agency Signature <u>Maggie Bishop (AES)</u>		1.15 Name and Title of State Agency Signatory Maggie Bishop, Director	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) By: <u>James P. Herrick</u> Attorney On: <u>22 April 2013</u>			
1.18 Approval by the Governor and Executive Council By: _____ On: _____			

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

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

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

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

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

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

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

Contractor Initials: 
Date: 5/18/13

8. EVENT OF DEFAULT/REMEDIES.

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

- 8.1.1 failure to perform the Services satisfactorily or on schedule;
- 8.1.2 failure to submit any report required hereunder; and/or
- 8.1.3 failure to perform any other covenant, term or condition of this Agreement.

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

- 8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;
- 8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;
- 8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or
- 8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both.

9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

9.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, 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 consent of the N.H. Department of Administrative Services. None of the Services shall be subcontracted by the Contractor without the prior written consent of the State.

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

14. INSURANCE.

14.1 The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$2,000,000 per occurrence; and

14.1.2 fire and extended coverage insurance covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire.

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than fifteen (15) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference. Each

Contractor Initials: 
Date: 4/18/13

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

15. WORKERS' COMPENSATION.

15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A ("Workers' Compensation").

15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer identified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

16. WAIVER OF BREACH. No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

17. NOTICE. Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

18. AMENDMENT. This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire.

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

20. THIRD PARTIES. The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

21. HEADINGS. The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

22. SPECIAL PROVISIONS. Additional provisions set forth in the attached EXHIBIT C are incorporated herein by reference.

23. SEVERABILITY. In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

24. ENTIRE AGREEMENT. This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

**EXHIBIT A
SCOPE OF SERVICES**

DATE: April 1, 2013

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

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

CONTRACTOR NAME: Catholic Medical Center Laboratory

ADDRESS: 100 McGregor Street
Manchester, NH 03102

TELEPHONE: 603-663-5362

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

PROGRAM SPECIFICATIONS

A. Program Outcomes

The expected outcomes are as follows:

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

B. Program Operations

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

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

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

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

Contractor Initials:
Date: 4/18/13

- 2.4. Notwithstanding anything to the contrary herein, the Contractor agrees that funding under this Contract may be withheld, in whole or in part, in the event of noncompliance with any State or Federal law, rule or regulation applicable to the Services provided, or if the said Services have not been completed in accordance with the terms and conditions of this Agreement.
- 2.5. Payments may be withheld pending receipt of required reports as outlined in Exhibit A, B, 2.
3. The Division reserves the right to renew the Contract for up to four years, subject to continued availability of funds, satisfactory performance of services, and approval by the Governor and Executive Council.

Contractor Initials: _____

Date: 4/15/13

State of New Hampshire
Department of Health and Human Services

Division for Children, Youth and Families

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

	Name	Title	Annual Salary	% of Time to Work on the Project	Project Amount Charged for SFY 2014 (7/1/13 - 6/30/14)
1	Roberta Provencal	Executive Director, Laboratory	\$ 135,844.80	0.1%	\$ 13.58
2	Amy Schultz	Lab Technical Operations Mgr	\$ 100,713.60	0.1%	\$ 10.07
3	Thomas Hebert	Lab Outreach Liaison	\$ 73,831.69	1%	\$ 738.32
4	Penny Lajoie	Phlebotomy Supervisor	\$ 81,861.10	1%	\$ 818.61
5	Andrea Haddad	Phlebotomist 3	\$ 36,608.00	5%	\$ 1,830.40
6	Stephanie Caron	Phlebotomist 3	\$ 34,320.00	4%	\$ 1,372.80
7			\$ -		\$ -
8					
9					
	Total:				\$ 4,783.78

State Fiscal Year 2015

	Name	Title	Annual Salary	% of Time to Work on the Project	Project Amount Charged for SFY 2015 (7/1/14 - 6/30/15)
1	Roberta Provencal	Executive Director, Laboratory	\$ 135,844.80	0.1%	\$ 13.58
2	Amy Schultz	Lab Technical Operations Mgr	\$ 100,713.60	0.1%	\$ 10.07
3	Thomas Hebert	Lab Outreach Liaison	\$ 73,831.69	1%	\$ 738.32
4	Penny Lajoie	Phlebotomy Supervisor	\$ 81,861.10	1%	\$ 818.61
5	Andrea Haddad	Phlebotomist 3	\$ 36,608.00	5%	\$ 1,830.40
6	Stephanie Caron	Phlebotomist 3	\$ 34,320.00	4%	\$ 1,372.80
7			\$ -		\$ -
8					
9					
	Total:				\$ 4,783.78

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

John H. Sununu Youth Services
 Laboratory Services

**LABORATORY SERVICE
 RATE TABLE**

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

Contractor Initials: 

Date: 4/18/13

NH Department of Health and Human Services

STANDARD EXHIBIT C

SPECIAL PROVISIONS

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

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

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

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

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

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

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

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

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

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

Contractor Initials: 

Date: 4/18/13

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

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

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

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

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

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

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

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

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

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

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

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

Contractor Initials: 

Date: 4/18/13

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

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

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

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

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

15. Prior Approval and Copyright Ownership:

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

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

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

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

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

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

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

SPECIAL PROVISIONS – DEFINITIONS

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

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

DEPARTMENT: NH Department of Health and Human Services.

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

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

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

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

NH Department of Health and Human Services

STANDARD EXHIBIT C-I

ADDITIONAL SPECIAL PROVISIONS

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

NH Department of Health and Human Services

STANDARD EXHIBIT D

CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

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

ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS

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

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

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

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

Contractor Initials: 
Date: 4/18/13

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

(B) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant.

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

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

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

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

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

Contractor Initials: 
 Date: 4/18/13

NH Department of Health and Human Services

STANDARD EXHIBIT E

CERTIFICATION REGARDING LOBBYING

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

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

- Programs (indicate applicable program covered):
*Temporary Assistance to Needy Families under Title IV-A
*Child Support Enforcement Program under Title IV-D
*Socail Services Block Grant Program under Title XX
*Medicaid Program under Title XIX
*Community Services Block Grant under Title VI
*Child Care Development Block Grant under Title IV

Contract Period: through

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

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

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

(Contractor Representative Signature) Joseph Pepe, M.D. President & CEO
(Authorized Contractor Representative Name & Title)

Catholic Medical Center 4/18/13
(Contractor Name) (Date)

NH Department of Health and Human Services

STANDARD EXHIBIT F

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

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

INSTRUCTIONS FOR CERTIFICATION

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

Contractor Initials: 

Date: 4/18/13

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

PRIMARY COVERED TRANSACTIONS

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

Contractor Initials: 

Date: 4/18/13

LOWER TIER COVERED TRANSACTIONS

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

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

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



 (Contractor Representative Signature)

Joseph Pepe, MD President & CEO

 (Authorized Contractor Representative Name & Title)

Catholic Medical Center

 (Contractor Name)

4/18/13

 (Date)

Contractor Initials: 
 Date: 4/18/13

NH Department of Health and Human Services

STANDARD EXHIBIT G

**CERTIFICATION REGARDING
THE AMERICANS WITH DISABILITIES ACT COMPLIANCE**

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

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



(Contractor Representative Signature)

Joseph Pepe, MD President & CEO

(Authorized Contractor Representative Name & Title)

Catholic Medical Center

(Contractor Name)

4/18/13

(Date)

NH Department of Health and Human Services

STANDARD EXHIBIT H

CERTIFICATION REGARDING ENVIRONMENTAL TOBACCO SMOKE

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

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

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



(Contractor Representative Signature)

Joseph Pepe, MD President & CEO

(Authorized Contractor Representative Name & Title)

Catholic Medical Center

(Contractor Name)

4/18/13

(Date)

Contractor Initials:



Date: 4/18/13

NH Department of Health and Human Services

STANDARD EXHIBIT I
HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT
BUSINESS ASSOCIATE AGREEMENT

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

BUSINESS ASSOCIATE AGREEMENT

(1) Definitions.

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

Contractor Initials: 

Date: 4/18/13

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

(2) Use and Disclosure of Protected Health Information.

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

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

(3) Obligations and Activities of Business Associate.

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

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

(4) Obligations of Covered Entity

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

(5) **Termination for Cause**

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

(6) **Miscellaneous**

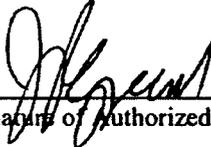
- a. **Definitions and Regulatory References.** All terms used, but not otherwise defined herein, shall have the same meaning as those terms in the Privacy and Security Rule, and the HITECH Act as amended from time to time. A reference in the Agreement, as amended to include this Exhibit I, to a Section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

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

NH Dept of Health and Human Services
Division for Children, Youth and Families
The State Agency Name

Catholic Medical Center
Name of the Contractor

Maggie Bishop (LES)
Signature of Authorized Representative


Signature of Authorized Representative

Maggie Bishop
Name of Authorized Representative

Joseph Pepe, MD
Name of Authorized Representative

Director
Title of Authorized Representative

President & CEO
Title of Authorized Representative

04/19/2013
Date

4/18/13
Date

Contractor Initials: 
Date: 4/18/13

NH Department of Health and Human Services

STANDARD EXHIBIT J

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

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

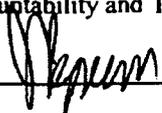
In accordance with 2 CFR Part 170 (*Reporting Subaward and Executive Compensation Information*), the Department of Health and Human Services (DHHS) must report the following information for any subaward or contract award subject to the FFATA reporting requirements:

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

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

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

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

 _____ Joseph Pope, MD President & CEO

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

Catholic Medical Center _____ 4/18/13

(Contractor Name) (Date)

Contractor initials: 
Date: 4/18/13
Page # _____ of Page # _____

NH Department of Health and Human Services

STANDARD EXHIBIT J

FORM A

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

1. The DUNS number for your entity is: 82-702-1382

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

NO YES

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

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

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

NO YES

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

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

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

Name: _____	Amount: _____

Contractor initials: 
Date: 4/18/23
Page # _____ of Page # _____