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STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

Bureau of Drug and Alcohol Services

Nicholas A. Toumpas
Commissioner

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May 30, 2014

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

sole source

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug and Alcohol Services, to enter into **sole source** amendments with multiple vendors increasing the price limitations by \$7,444,467 in the aggregate from \$14,888,937 to an amount not to exceed \$22,333,404 in the aggregate for a continuum of substance abuse treatment services state-wide and extending the completion date from June 30, 2014 to June 30, 2015, effective July 1, 2014 or date of Governor and Executive Council approval, whichever is later.

Summary of contracted amounts by vendor:

52.9% Federal / 47.1 General

Contractor	Current Budget	Increase/Decrease Amount	Revised Modified Budget
Child & Family Services	\$ 173,606	\$ 86,803	\$ 260,409
Concord Hospital	\$ 148,812	\$ 74,406	\$ 223,218
Families First of the Greater Seacoast	\$ 57,844	\$ 28,922	\$ 86,766
Families in Transition	\$ 665,060	\$ 332,530	\$ 997,590
Grafton County	\$ 138,822	\$ 69,411	\$ 208,233
Greater Nashua Council on Alcoholism	\$ 2,713,890	\$ 1,356,945	\$ 4,070,835
Headrest, Inc.	\$ 502,900	\$ 251,450	\$ 754,350
Horizons Counseling Center, Inc.	\$ 379,152	\$ 189,576	\$ 568,728
Manchester Alcoholism Rehabilitation Center	\$ 2,241,198	\$ 1,120,599	\$ 3,361,797
The Mental Health Center of Greater Manchester, Inc.	\$ 54,228	\$ 27,114	\$ 81,342
Phoenix Houses of New England, Inc.	\$ 2,914,980	\$ 1,457,490	\$ 4,372,470
National Council on Alcoholism and Drug Dependence of Greater Manchester	\$ 864,936	\$ 432,468	\$ 1,297,404
Southeastern New Hampshire Alcohol and Drug Abuse Services	\$ 2,659,672	\$ 1,329,836	\$ 3,989,508
Tri-County Community Action Program	\$ 1,223,811	\$ 611,904	\$ 1,835,715
The Youth Council	\$ 150,026	\$ 75,013	\$ 225,039
Totals	\$ 14,888,937	\$ 7,444,467	\$22,333,404

Funds to support this request are anticipated to be available in the following accounts in SFY 2015 upon the availability and continued appropriation of funds in the future operating budgets, with

authority to adjust amounts within the price limitation and amend the related terms of the contracts without further approval from Governor and Executive Council.

05-95-49-491510-2989 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, GOVERNOR COMMISSION FUNDS (100% General Funds)

05-95-49-491510-2990 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, CLINICAL SERVICES (34.4% General 65.6% Federal)

Please see Attachment A for financial details

EXPLANATION

These **sole source** actions are requested to provide a continuum of substance abuse treatment services for SFY 2015 as the healthcare landscape in New Hampshire rapidly changes with the implementation of the New Hampshire Health Protection Program (NHHPP). Under the New Hampshire Health Protection Program a substance use disorders benefit will be made available in New Hampshire on a limited Medicaid basis for the first time. As a result of these changes and the immediacy with which the New Hampshire Health Protection Program is being implemented, the Department determined it was necessary to put forth a sole source amendment for this transition year. This Requested Action to approve 15 of 15 amendments totaling \$7,444,467 is anticipated to be spent state-wide for services that include community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children. Funds are used to support services for individuals who are not eligible for Medicaid or the New Hampshire Health Protection Program and for services not covered by these programs. See Matrix of Services (Attachment B).

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. Previously, the contractors have established rates and sliding fee scales independently; however, for SFY15, Bureau of Drug and Alcohol Services established a universal sliding fee scale for all contracted providers. The required universal sliding fee scale along with standardized service rates will ensure that clients bear the same degree of financial responsibility regardless of which Bureau of Drug and Alcohol Services contracted provider they access services with.

These contracts will continue to allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs of clients within particular regions of the state. Furthermore, the payment structure built into these contracts incentivizes practices that lead to positive client outcomes such as: abstinence, involvement in employment and/or education, and lack of involvement with the criminal justice system.

The following data illustrate the critical need for substance abuse treatment in New Hampshire. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration provides incidence rates for the 12 and over population in New Hampshire. Data collected in 2011/2012 provided the following rates:

- Alcohol Dependence or Abuse: 86,548 (6.79% of population)
- Illicit Drug Dependence or Abuse: 32,160 (2.76% of population)

- Needing but not receiving treatment for alcohol abuse: 73,949 (6.55% of population)
- Needing but not receiving treatment for illicit drug use: 28,563 (2.53% of population)

Recently, heroin and prescription drug use and the consequences of that use have reached epidemic proportion in New Hampshire:

- According to the 2011-2012 National Survey on Drug Use and Health, the rate of New Hampshire's young adults (ages 18 to 25) who reported non-medical use of pain relievers was the 11TH highest of all states, with 11.6% reporting abuse in the past year
- In the last ten years, the number of people admitted to state funded treatment programs rose by 90% for heroin use and by 500% for prescription opiate abuse. The sharpest increase was between 2012 and 2013.
- According to the New Hampshire State Police Forensic Laboratory, of traffic stops and arrests leading to a blood or urine test in 2012, 13%, or 704 arrests, involved heroin
- In 2011, drug-related deaths peaked at 200, more than ever before and four times as many deaths as in 2000, with 80% of drug deaths involving prescription medication, primarily opioid pain relievers

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment services could result in the loss of Federal Block Grant funds made available for these services.

The vendors were originally selected for these agreements through a competitive bid process. The original contracts for SFY 2013 were approved by Governor and Counsel on June 20, 2012, (Items 96, 97, 99 – 110, 112). Amendments for SFY 2014 were approved on June 5, 2013 (Item # 102A), except Grafton County approved on July 10, 2013 (Item # 50) and The Youth Council on June 19, 2013 (Item # 134), with this request providing services for the period July 1, 2014 to June 30, 2015. These amendments represent level funding of all vendors.

This Governor and Executive Council package includes the amendment #2 and a copy of the Governor and Council Letters for amendment #1 and for the original contract for each contractor. An electronic copy of amendment #1 for each contractor can viewed on line at <http://sos.nh.gov/GC2.aspx>.

The following performance measures will be used to assess the effectiveness of the agreements:

- The timeliness with which providers respond to calls requesting services within 5 business days to conduct initial eligibility screening.
- A \$75.00 payment will be paid to the treatment contractor for each client who either completes or transfers to another treatment provider for continuing services.
- A \$50.00 client follow-up fee will be paid to the treatment contractor at 3 months and again at 6 months post-discharge for each client who is contacted for follow-up and who meets at least 3 of the outcome criteria below:
 - Abstinence: The client reports reduced or no substance use in the past 30 days.
 - Employment/Education: The client reports increased or retained employment or the client reports returning to or staying in school.
 - Crime and Criminal Justice: The client reports no arrests in the past 30 days.
 - Stability in Housing: The client reports being in stable housing.
 - Social Connectedness: The client reports engagement in Recovery Support Services, Care Coordination, and/or Community Based Support Groups in the past 30 days.

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Area served: State-wide

Source of Funds: 52.9% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant and 47.1% General Funds.

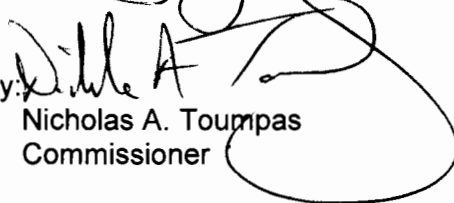
In the event that the Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Diane Langley
Director

Approved by:



Nicholas A. Toumpas
Commissioner

Attachment A
Financial Details

**05-95-49-491510-2989 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS
DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL
SVCS, GOVERNOR COMMISSION FUNDS (100% General Funds)**

Child and Family Services of New Hampshire (Vendor #177166 B002)

Class/ Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95848501	2013	\$19,474	\$0	\$19,474
102-500734	Contracts for Prog Svc	49158501	2014	\$19,474	\$0	\$19,474
102-500734	Contracts for Prog Svc	49158501	2015	\$0	\$19,474	\$19,474
			Sub-total	\$38,948	\$19,474	\$58,422

Concord Hospital, Inc (Vendor #177653 B014)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95848501	2013	\$16,693	\$0	\$16,693
102-500734	Contracts for Prog Svc	49158501	2014	\$16,693	\$0	\$16,693
102-500734	Contracts for Prog Svc	49158501	2015	\$0	\$16,693	\$16,693
			Sub-total	\$33,386	\$16,693	\$50,079

Manchester Alcoholism Rehabilitation Center (Vendor #177204 B005)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95848501	2013	\$251,406	\$0	\$251,406
102-500734	Contracts for Prog Svc	49158501	2014	\$251,406	\$0	\$251,406

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102-500734	Contracts for Prog Svc	49158501	2015	\$0	\$251,406	\$251,406
			Sub-total	\$502,812	\$251,406	\$754,218

Greater Nashua Council on Alcoholism (Vendor #166574 B001)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95848501	2013	\$217,425	\$0	\$217,425
102-500734	Contracts for Prog Svc	49158501	2014	\$217,425	\$0	\$217,425
102-500734	Contracts for Prog Svc	49158501	2015	\$0	\$217,425	217,425
			Sub-total	\$434,850	\$217,425	\$652,275

County of Grafton (Vendor #177397 B003)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95848501	2013	\$34,706	\$0	\$34,706
102-500734	Contracts for Prog Svc	49158501	2014	\$34,706	\$0	\$34,706
102-500734	Contracts for Prog Svc	49158501	2015	\$0	\$34,706	\$34,706
			Sub-total	\$69,412	\$34,706	\$104,118

Headrest, Inc (Vendor #175226 B001)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95848501	2013	\$56,413	\$0	\$56,413
102-500734	Contracts for Prog Svc	49158501	2014	\$56,413	\$0	\$56,413
102-500734	Contracts for Prog Svc	49158501	2015	\$0	\$56,413	\$56,413

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			Sub-total	\$112,826	\$56,413	\$169,239

Horizons Counseling Center, Inc (Vendor #156808 B001)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95848501	2013	\$42,532	\$0	\$42,532
102-500734	Contracts for Prog Svc	49158501	2014	\$42,532	\$0	\$42,532
102-500734	Contracts for Prog Svc	49158501	2015	\$0	\$42,532	\$42,532
			Sub-total	\$85,064	\$42,532	\$127,596

The Mental Health Center of Greater Manchester, Inc (Vendor #177184 B001)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95848501	2013	\$6,083	\$0	\$6,083
102-500734	Contracts for Prog Svc	49158501	2014	\$6,083	\$0	\$6,083
102-500734	Contracts for Prog Svc	49158501	2015	\$0	\$6,083	\$6,083
			Sub-total	\$12,166	\$6,083	\$18,249

Phoenix Houses of New England, Inc. (Vendor #177589 B001)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95848501	2013	\$326,988	\$0	\$326,988
102-500734	Contracts for Prog Svc	49158501	2014	\$326,988	\$0	\$326,988
102-500734	Contracts for Prog Svc	49158501	2015	\$0	\$326,988	\$326,988
			Sub-total	\$653,976	\$326,988	\$980,964

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National Council on Alcoholism and Drug Abuse Services (Vendor #177265 R001)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95848501	2013	\$97,024	\$0	\$97,024
102-500734	Contracts for Prog Svc	49158501	2014	\$97,024	\$0	\$97,024
102-500734	Contracts for Prog Svc	49158501	2015	\$0	\$97,024	\$97,024
			Sub-total	\$194,048	\$97,024	\$291,072

Southeastern New Hampshire Alcohol and Drug Abuse Services (Vendor #155292 B001)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95848501	2013	\$239,491	\$0	\$239,491
102-500734	Contracts for Prog Svc	49158501	2014	\$239,491	\$0	\$239,491
102-500734	Contracts for Prog Svc	49158501	2015	\$0	\$239,491	\$239,491
			Sub-total	\$478,982	\$239,491	\$718,473

Tri-County Community Action Programs, Inc (Vendor #177195 B009)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95848501	2013	\$137,281	\$0	\$137,281
102-500734	Contracts for Prog Svc	49158501	2014	\$137,281	\$0	\$137,281
102-500734	Contracts for Prog Svc	49158501	2015	\$0	\$137,281	\$137,281
			Sub-total	\$274,562	\$137,281	\$411,843

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The Youth Council (Vendor #154886 B001)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95848501	2013	\$16,876	\$0	\$16,876
102-500734	Contracts for Prog Svc	49158501	2014	\$16,876	\$0	\$16,876
102-500734	Contracts for Prog Svc	49158501	2015	\$0	\$16,876	\$16,876
			Sub-total	\$33,752	\$16,876	\$50,628
		Sub-total	Gov. Comm	<u>\$2,924,784</u>	<u>\$1,462,392</u>	<u>\$4,387,176</u>

05-95-49-491510-2990 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, CLINICAL SERVICES (34.4% General 65.6% Federal)

Child and Family Services of New Hampshire (Vendor #177166 B002)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95846501	2013	\$39,925	\$0	\$39,925
102-500734	Contracts for Prog Svc	49156501	2014	\$39,925	\$0	\$39,925
102-500734	Contracts for Prog Svc	49156501	2015	\$0	\$39,925	\$39,925
102-500734	Contracts for Prog Svc	95841387	2013	\$27,404	\$0	\$27,404
102-500734	Contracts for Prog Svc	49151387	2014	\$27,404	\$0	\$27,404
102-500734	Contracts for Prog Svc	49151387	2015	\$0	\$27,404	\$27,404
			Sub-total	\$134,658	\$67,329	\$201,987

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Concord Hospital, Inc (Vendor #177653 B014)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95846501	2013	\$34,223	\$0	\$34,223
102-500734	Contracts for Prog Svc	49156501	2014	\$34,223	\$0	\$34,223
102-500734	Contracts for Prog Svc	49156501	2015	\$0	\$34,223	\$34,223
102-500734	Contracts for Prog Svc	95841387	2013	\$23,490	\$0	\$23,490
102-500734	Contracts for Prog Svc	49151387	2014	\$23,490	\$0	\$23,490
102-500734	Contracts for Prog Svc	49151387	2015	\$0	\$23,490	\$23,490
			Sub-total	\$115,426	\$57,713	\$173,139

Families First of the Greater Seacoast (Vendor #166629 B001)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95846503	2013	\$28,922	\$0	\$28,922
102-500734	Contracts for Prog Svc	49156503	2014	\$28,922	\$0	\$28,922
102-500734	Contracts for Prog Svc	49156503	2015	\$0	\$28,922	\$28,922
			Sub-total	\$57,844	\$28,922	\$86,766

Families in Transition (Vendor #157730 B001)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95846503	2013	\$332,530	\$0	\$332,530

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102-500734	Contracts for Prog Svc	49156503	2014	\$332,530	\$0	\$332,530
102-500734	Contracts for Prog Svc	49156503	2015	\$0	\$332,530	\$332,530
			Sub-total	\$665,060	\$332,530	\$997,590

County of Grafton (Vendor #177397 B003)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95841387	2013	\$34,705	\$0	\$34,705
102-500734	Contracts for Prog Svc	49151387	2014	\$34,705	\$0	\$34,705
102-500734	Contracts for Prog Svc	49151387	2015	\$0	\$34,705	\$34,705
			Sub-total	\$69,410	\$34,705	\$104,115

Manchester Alcoholism Rehabilitation Center (Vendor #177204 B005)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95846501	2013	\$515,420	\$0	\$515,420
102-500734	Contracts for Prog Svc	49156501	2014	\$515,420	\$0	\$515,420
102-500734	Contracts for Prog Svc	49156501	2015	\$0	\$515,420	\$515,420
102-500734	Contracts for Prog Svc	95841387	2013	\$353,773	\$0	\$353,773
102-500734	Contracts for Prog Svc	49151387	2014	\$353,773	\$0	\$353,773
102-500734	Contracts for Prog Svc	49151387	2015	\$0	\$353,773	\$353,773
			Sub-total	\$1,738,386	\$869,193	\$2,607,579

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Greater Nashua Council on Alcoholism (Vendor #166574 B001)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95846501	2013	\$833,565	\$0	\$833,565
102-500734	Contracts for Prog Svc	49156501	2014	\$833,565	\$0	\$833,565
102-500734	Contracts for Prog Svc	49156501	2015	\$0	\$833,565	\$833,565
102-500734	Contracts for Prog Svc	95841387	2013	\$305,955	\$0	\$305,955
102-500734	Contracts for Prog Svc	49151387	2014	\$305,955	\$0	\$305,955
102-500734	Contracts for Prog Svc	49151387	2015	\$0	\$305,955	\$305,955
			Sub-total	\$2,279,040	\$1,139,520	\$3,418,560

Headrest, Inc (Vendor #175226 B001)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95846501	2013	\$115,654	\$0	\$115,654
102-500734	Contracts for Prog Svc	49156501	2014	\$115,654	\$0	\$115,654
102-500734	Contracts for Prog Svc	49156501	2015	\$0	\$115,654	\$115,654
102-500734	Contracts for Prog Svc	95841387	2013	\$79,383	\$0	\$79,383
102-500734	Contracts for Prog Svc	49151387	2014	\$79,383	\$0	\$79,383
102-500734	Contracts for Prog Svc	49151387	2015	\$0	\$79,383	\$79,383
			Sub-total	\$390,074	\$195,037	\$585,111

**Attachment A
Financial Details**

Horizons Counseling Center, Inc (Vendor #156808 B001)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95846501	2013	\$87,195	\$0	\$87,195
102-500734	Contracts for Prog Svc	49156501	2014	\$87,195	\$0	\$87,195
102-500734	Contracts for Prog Svc	49156501	2015	\$0	\$87,195	\$87,195
102-500734	Contracts for Prog Svc	95841387	2013	\$59,849	\$0	\$59,849
102-500734	Contracts for Prog Svc	49151387	2014	\$59,849	\$0	\$59,849
102-500734	Contracts for Prog Svc	49151387	2015	\$0	\$59,849	\$59,849
			Sub-total	\$294,088	\$147,044	\$441,132

The Mental Health Center of Greater Manchester, Inc (Vendor #177184 B001)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95846501	2013	\$12,377	\$0	\$12,377
102-500734	Contracts for Prog Svc	49156501	2014	\$12,377	\$0	\$12,377
102-500734	Contracts for Prog Svc	49156501	2015	\$0	\$12,377	\$12,377
102-500734	Contracts for Prog Svc	95841387	2013	\$8,654	\$0	\$8,654
102-500734	Contracts for Prog Svc	49151387	2014	\$8,654	\$0	\$8,654
102-500734	Contracts for Prog Svc	49151387	2015	\$0	\$8,654	\$8,654
			Sub-total	\$42,062	\$21,031	\$63,093

**Attachment A
Financial Details**

Phoenix Houses of New England, Inc (Vendor #177589 B001)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95846501	2013	\$670,372	\$0	\$670,372
102-500734	Contracts for Prog Svc	49156501	2014	\$670,372	\$0	\$670,372
102-500734	Contracts for Prog Svc	49156501	2015	\$0	\$670,372	\$670,372
102-500734	Contracts for Prog Svc	95841387	2013	\$460,130	\$0	\$460,130
102-500734	Contracts for Prog Svc	49151387	2014	\$460,130	\$0	\$460,130
102-500734	Contracts for Prog Svc	49151387	2015	\$0	\$460,130	\$460,130
			Sub-total	\$2,261,004	\$1,130,502	\$3,391,506

National Council on Alcoholism and Drug Abuse Services (Vendor #177265 R001)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95846501	2013	\$198,914	\$0	\$198,914
102-500734	Contracts for Prog Svc	49156501	2014	\$198,914	\$0	\$198,914
102-500734	Contracts for Prog Svc	49156501	2015	\$0	\$198,914	\$198,914
102-500734	Contracts for Prog Svc	95841387	2013	\$136,530	\$0	\$136,530
102-500734	Contracts for Prog Svc	49151387	2014	\$136,530	\$0	\$136,530
102-500734	Contracts for Prog Svc	49151387	2015	\$0	\$136,530	\$136,530
			Sub-total	\$670,888	\$335,444	\$1,006,332

**Attachment A
Financial Details**

Southeastern New Hampshire Alcohol and Drug Abuse Services (Vendor #155292 B001)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95846501	2013	\$753,339	\$0	\$753,339
102-500734	Contracts for Prog Svc	49156501	2014	\$753,339	\$0	\$753,339
102-500734	Contracts for Prog Svc	49156501	2015	\$0	\$753,339	\$753,339
102-500734	Contracts for Prog Svc	95841387	2013	\$337,006	\$0	\$337,006
102-500734	Contracts for Prog Svc	49151387	2014	\$337,006	\$0	\$337,006
102-500734	Contracts for Prog Svc	49151387	2015	\$0	\$337,006	\$337,006
			Sub-total	\$2,180,690	\$1,090,345	\$3,271,035

Tri-County Community Action Programs, Inc (Vendor #177195 B009)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95846501	2013	\$281,447	\$0	\$281,447
102-500734	Contracts for Prog Svc	49156501	2014	\$281,447	\$0	\$281,447
102-500734	Contracts for Prog Svc	49156501	2015	\$0	\$281,447	\$281,447
102-500734	Contracts for Prog Svc	95841387	2013	\$193,179	\$0	\$193,179
102-500734	Contracts for Prog Svc	49151387	2014	\$193,176	\$0	\$193,176
102-500734	Contracts for Prog Svc	49151387	2015	\$0	\$193,176	\$193,176
			Sub-total	\$949,249	\$474,623	\$1,423,872

**Attachment A
Financial Details**

The Youth Council (Vendor #154886 B001)

Class/Account	<u>Title</u>	Activity Code	State Fiscal Year	Current Modified Budget	Increase/ Decrease	Revised Modified Budget
102-500734	Contracts for Prog Svc	95846501	2013	\$34,424	\$0	\$34,424
102-500734	Contracts for Prog Svc	49156501	2014	\$34,424	\$0	\$34,424
102-500734	Contracts for Prog Svc	49156501	2015	\$0	\$34,424	\$34,424
102-500734	Contracts for Prog Svc	95841387	2013	\$23,713	\$0	\$23,713
102-500734	Contracts for Prog Svc	49151387	2014	\$23,713	\$0	\$23,713
102-500734	Contracts for Prog Svc	49151387	2015	\$0	\$23,713	\$23,713
			Sub-total	\$116,274	\$58,137	\$174,411
		Sub-total	Clinical Svcs	\$11,964,153	\$5,982,075	\$17,946,228
		Total		\$14,888,937	\$7,444,467	\$22,333,404

[illegible]



**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services**

**State of New Hampshire
Department of Health and Human Services
Amendment #2 to the Substance Use Disorder Treatment and Recovery Support Services
Contract**

This 2nd Amendment to the Substance Use Disorder Treatment and Recovery Support Services contract (hereinafter referred to as "Amendment 2") dated this 15th day of May 2014, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Child and Family Services of New Hampshire (hereinafter referred to as "the Contractor"), a non-profit corporation with a place of business at 464 Chestnut Street, Manchester, NH 03105.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on June 20, 2012, (Item #103) and amended by an agreement (Amendment #1 to the Contract) approved on June 5, 2013, (Item #102A), 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, the State may amend the Contract by written agreement of the parties; and;

WHEREAS, the parties agree to extend the current contract by one year.

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:

- 1) Amend Form P-37, Block 1.6 to read:
 - a) 05-95-49-491510-29890000-102-500734
 - b) 05-95-49-491510-29900000-102-500734
- 2) Amend Form P-37, Block 1.7 to read June 30, 2015.
- 3) Amend Form P-37, Block 1.8 to read \$260,409
- 4) Delete Exhibit A and replace with Exhibit A Amendment #2
- 5) Delete Exhibit B and replace with Exhibit B Amendment #2

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

5/28/14
Date

Shirley L. Rockwell
NAME
TITLE Director

Child and Family Services of New Hampshire

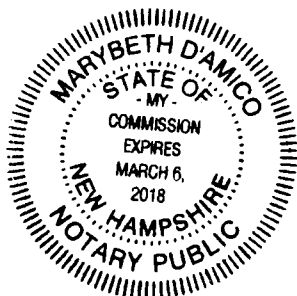
5/19/14
Date

Emilia Awared
NAME
TITLE Parent & LEO

Acknowledgement:
State of New Hampshire County of Hillsborough on 5/19/14, 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

Marybeth D'Amico
Name and Title of Notary or Justice of the Peace



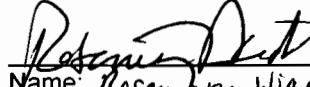
New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

OFFICE OF THE ATTORNEY GENERAL

6-2-14
Date


Name: Rosemary Wiant
Title: Assistant Attorney General

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:

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



Exhibit A Amendment #2

Scope of Services

A. Population Served

Services are available to New Hampshire residents who meet diagnostic, financial, and other eligibility criteria for Department of Health and Human Services supported substance use disorder services as defined in Section C, Clients Eligible for Treatment Services.

B. The Contractor shall provide treatment services as identified below:

Service Table - An "X" denotes that the Contractor shall provide that service(s) to eligible individuals in accordance with all applicable laws, rules, and regulations and terms and conditions of this Agreement.

Required Services	Treatment Services
X	Outpatient Treatment (ASAM Level 1) - Substance abuse treatment services provided in individual and group counseling sessions in a non-residential setting. Clients may be enrolled in outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Outpatient Treatment (ASAM Level 1) – Pregnant & Parenting Women – Outpatient Treatment as identified above provided to pregnant & parenting women.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – A combination of individual and group substance abuse treatment services conducted in an outpatient setting for a minimum of 3 hours of direct client treatment services per day for a minimum of three days per week. Clients receiving less than this level of service should be enrolled in an outpatient program. Clients may be enrolled in intensive outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – Pregnant & Parenting Women - Intensive Outpatient Treatment as identified above provided to pregnant & parenting women.
	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Residential substance abuse treatment services are designed to support individuals in the early stages of recovery that need this residential level of care and/or are homeless. The goal of these programs is to prepare clients to become self-sufficient in the community. Clients may be enrolled in low-intensity residential treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days. Residents typically work in the community and may pay a portion of their room and board.
	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Pregnant Women - Low-Intensity Residential Treatment as identified above provided to

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



Exhibit A Amendment #2

	pregnant & parenting women.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Short-term residential substance abuse treatment designed to assist individuals who require a more intensive level of service in a structured setting and/or individuals that may be homeless. Admission is on a voluntary basis. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Pregnant Women - High-Intensity Residential – Adult and Medium Intensity Residential – Adolescent as identified above provided to pregnant women.
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5) - Residential treatment services for pregnant and parenting women and their children. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Recovery Support Services: Group or individual services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Examples of recovery support services include, but are not limited to: assisting clients with enrollment in Medicaid, the New Hampshire Health Protection Program (NHHPP), or private insurance, anger management, financial management, communication skills, spiritual support, parenting skills, health management, case management, organization and time management, recovery coaching, recovery mentoring, stress management, and vocational services. Programs may focus on a single recovery support service or provide a curriculum that includes an array of recovery support services. Types of Recovery Support Services are listed below:
X	Continuous recovery monitoring services are regular follow-ups with clients to assess the status of the client's recovery, identify any needs the client may have and help the client to address those needs, and provide early intervention for client's who have relapsed or who's recovery is otherwise at risk.
	Enhanced Services are specialized services that remove barriers to a client's participation in treatment. Examples of these services are child care while a parent is participating in treatment or transportation to and/or from the treatment site.
X	Recovery Support Services as identified above provided to pregnant & parenting women.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

C. Required Services

Priority Admission:

- 1) The Contractor shall give admission preference to pregnant women and women with dependent children, even if the children are not in their custody, as long as parental rights have not been terminated, including the provision of interim services within the required 48 hour time frame.
- 2) Individuals with a history of injection drug use including the provision of interim services within 14 days.
- 3) Individuals with a primary diagnosis of a substance use disorder, which may also include a co-occurring mental health disorder.
- 4) Individuals on medication-assisted treatment for co-occurring substance abuse and mental health disorders or various opiate replacement therapies, including, but not limited to, methadone, buprenorphine and naltrexone.

Required Outreach:

New Hampshire Department of Health & Human Services (DHHS) programs receiving federal treatment Block Grant funds requires that Contractors must publicize services available to pregnant or parenting women and injection drug users in need of substance abuse treatment and that these individuals receive preference for admission to treatment. This may be done as follows, but is not limited to, street outreach programs, ongoing public service announcements (radio/television), regular advertisements in local/regional print media, posters placed in targeted areas, and frequent notification of availability of such treatment distributed to the network of community based organizations, health care providers and social service agencies. The Contractor will submit their outreach plans to DHHS through the Bureau of Drug and Alcohol Services (BDAS) within 60 days of contract effective date.

Health Facilities Administration Licensing Requirements:

Housing programs with substance abuse treatment services at the same location will need to secure necessary licensing as a Residential Rehabilitation Facility by the DHHS Bureau of Health Facilities Administration, as appropriate, see He-P 807 at the following link: (http://www.gencourt.state.nh.us/rules/state_agencies/he-p800.html). Any contractor with an American Society of Addiction Medicine (ASAM) (October 2013) Level 3.3 or higher level program must secure this licensing for all Level 3 programs housed within the same facility as the Level 3.3 program. In the case of residential treatment and housing at the same site, residential programs should plan to treat no more than 16 pregnant or parenting women at any given time to comply with federal Medicaid restrictions on Institute for Mental Diseases (IMD) exclusion criteria. This restriction would not apply to programs in which the client's residence is in a separate location from the treatment program.

Capacity Reporting:

The Contractor must contact BDAS, as agent for DHHS, when their capacity has reached 90% within 5 business days. The Contractor must refer pregnant women to the State when the Contractor has insufficient capacity to provide services to any such pregnant women who seek the services of the program. Sending e-mail to the BDAS Clinical Services Unit Administrator may complete this notification process.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

Access to Services:

The Contractor shall respond to calls requesting treatment and/or transitional living program services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within 2 business days following the day the call was received.

The Contractor is required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.

Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client should be referred to a DHHS funded provider where they are able to access interim services.

Contractors receiving grant funds from DHHS will not discriminate against clients who are using legitimate medications to assist their recovery and will not have policies that allow them to refuse admission to treatment or to discharge clients from treatment based on the use of appropriately prescribed medications and various opiate replacement therapies, including, but not limited to, methadone and buprenorphine, as well as other forms of medication-assisted treatment for co-occurring substance abuse and mental health disorders.

Clients Eligible for Treatment Services:

In order to be eligible for DHHS supported services, a client must meet all eligibility criteria described below. Eligibility determination shall be conducted as follows:

1. Substance Use Disorder, Financial Eligibility & Residency Screening: The contractor shall complete the eligibility screening module in the Web Information Technology System (WITS) to determine if the client meets residency, financial, and substance use disorder potential eligibility requirements:
 - a. Residency: The client must be a resident of New Hampshire or homeless in New Hampshire to be eligible for DHHS supported services; and
 - b. Financial Eligibility: The client's income must be below 400% of Federal Poverty Level (FPL) to be eligible for DHHS supported services based on the sliding fee scale described below. Once the screening has been completed, the contractor shall print the associated attestation and have the client sign this document. A copy of the signed attestation shall be maintained in the client file. The client's financial eligibility shall be reassessed no less than every 120 days; and
 - c. Potential for a Substance Use Disorder: The client must screen positive for a potential substance use disorder to be eligible for DHHS funded services.
2. Evaluation: The contractor shall conduct a full substance abuse evaluation, which includes administration of either the Addiction Severity Index (ASI) in WITS or Global Appraisal of Individual Needs (GAIN).
 - a. Substance Use Disorder: This evaluation shall be used to determine if the client meets Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM5) criteria for a substance use disorder. Clients who meet DSM5 criteria for a substance use disorder are eligible for DHHS funded services. Client who do not meet these criteria are not eligible for DHHS funded services.



Exhibit A Amendment #2

- b. Level of Care: For clients who have met all other eligibility requirements, this evaluation shall be used to determine the appropriate level of care for the client based on ASAM (October 2013) criteria. The client is eligible for DHHS funded services at the assessed level of care unless such a level of care is unavailable or the client chooses to enter a lower level of care. If the assessed level of care is unavailable, the client may choose to enter the next higher level of care.
3. Medicaid/NHHPP Eligibility: The contractor shall determine whether or not the client is eligible for Medicaid/NHHPP coverage for the identified level of care. If the client is not eligible for Medicaid/NHHPP coverage for the identified level of care, the client may be eligible for DHHS funded services. If the client is eligible for Medicaid/NHHPP coverage for the identified level of care, the client is not eligible for DHHS funded services.
4. Insurance Coverage: The contractor shall determine whether or not the client has insurance that will cover services at the identified level of care. If the client does not have insurance that will reimburse for these services at a rate equal to or greater than the DHHS rate, the client is eligible for DHHS funded services. If the client has insurance that will reimburse for these services at an amount equal or greater to the DHHS reimbursement rate, the client is not eligible for DHHS funded services. The contractor may not charge the combination of the client, any 3rd party payor, and DHHS more than the maximum charge allowed. These parties shall be charged in the following order:
 - a. The maximum allowed charge will be billed to the client's insurer, if applicable.
 - b. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
 - c. The balance of the maximum allowed charge after deducting the client's portion and the insurance payment, if applicable, shall be charged to DHHS.

Sliding Fee Scale:

The contractor shall not charge the combination of the client, any 3rd party payor and BDAS an amount greater than the maximum rate allowed for each service. All reasonable efforts shall be made to collect payment of bills. A client's inability to pay shall not preclude admission to the program and treatment.

- Client Income is 0% - 138% of FPL: 100% of the allowed charge less any amount paid for by insurance.
- Client Income is 139% - 149% of FPL: 92% of the allowed charge less any amount paid for by insurance.
- Client Income is 150% - 199% of FPL: 88% of the allowed charge less any amount paid for by insurance.
- Client Income is 200% - 249% of FPL: 75% of the allowed charge less any amount paid for by insurance.
- Client Income is 250% - 299% of FPL: 60% of the allowed charge less any amount paid for by insurance.
- Client Income is 300% - 349% of FPL: 43% of the allowed charge less any amount paid for by insurance.
- Client Income is 350% - 399% of FPL: 33% of the allowed charge less any amount paid for by insurance.

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Substance Use Disorder Treatment Services**



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With respect to minority age individuals, a minor child shall not be denied services as a result of the parent's unwillingness to pay the fee or the minor child's decision to receive confidential services pursuant to RSA 318-B:12-a.

Waiting List Management:

When a person who is pregnant or an injection substance abuser seeks treatment and there are no appropriate treatment services available within the required time frame as outlined below, interim services **must** be made available. The Contractor agrees to maintain the wait list management system in WITS that includes a unique patient identifier and include information on dates of requests for admission to treatment, provision of interim services and source for those services, referrals made for treatment or interim services, and disposition of clients on the waiting list.

- The waiting list must contain a mechanism that identifies and counts the number of applicants who present and are determined to be appropriate for substance abuse treatment but are unable to be placed as there is no capacity;
- Maintain contact with individuals awaiting admission; and,
- Admit or transfer waiting list clients at the earliest possible time to an appropriate treatment program within a reasonable geographic area.

The Contractor shall remove a client awaiting treatment from the waiting list only when one of the following conditions exists:

- Such persons cannot be located for admission into treatment *or*
- Such persons refuse treatment.

Specific Interim Services for Pregnant Women, Women with Dependent Children and Injection Drug Users:

The Contractor agrees to contact the BDAS Clinical Services Unit if a pregnant women and women with dependent children or individuals with a history of injection drug use, cannot be accepted into treatment within specific time frames, and agrees that interim services will be provided or facilitated by the Contractor. Interim services for pregnant women must include counseling on the effects of alcohol and drug use on the fetus, referrals for prenatal care, and counseling and education about HIV and tuberculosis. Interim services for injection drug users must also include counseling and education in the risks of needle sharing, about the risks of transmission to sexual partners and infants, and referral for HIV, Hepatitis C and tuberculosis screening/testing. All interim services shall be documented in the client's clinical record in the WITS system.

Interim Services for other Clients:

The Contractor shall provide, or refer the client to, interim services until level of service identified in the level of care assessment is available and/or the client is willing and assessed as being sufficiently motivated to take advantage of the proposed level of service or interim services. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client shall be referred to a DHHS funded provider where they are able to access interim services.

Services to pregnant and parenting women:

The Contractor further agrees that childcare will be made available to women who are in treatment with their dependent children, either through on-site care or through arrangements with an off-site legal childcare provider. Other services required are as follows:

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Exhibit A Amendment #2

- The family is treated as a unit and, therefore, admits both women and their children into treatment services, if appropriate.
- The Contractor shall provide or arrange for primary medical care for women who are receiving substance abuse services, including prenatal care.
- The Contractor shall provide or arrange for childcare while the women are receiving services even if the children are not in their custody, as long as parental rights have not been terminated.
- The Contractor shall provide or arrange for primary pediatric care for the women's children, including immunizations.
- The Contractor shall provide or arrange for gender-specific substance abuse treatment and other therapeutic interventions for women that may address issues of relationships, sexual abuse, physical abuse, and parenting, and childcare while the women are receiving these services.
- The Contractor shall provide or arrange for therapeutic interventions for children in custody of women in treatment, which may, among other things, address the children's developmental needs, their issues of sexual and physical abuse, and neglect.
- The Contractor shall provide or arrange for sufficient case management and transportation services to ensure that the women and their children have access to the services provided for above.
- If a pregnant, pregnant injection drug using or Injection Drug Using person refuses treatment or says (s)he is not interested in treatment, the wait list report shall be completed with the engagement activities attempted.
- If a pregnant, pregnant injection drug using or Injection Drug Using person no shows or cancels treatment, interim services must be provided, as stipulated above and the wait list report shall be completed that demonstrates the activities of follow up, engagement and substance abuse treatment services offered.

Relationship(s) with Primary Health Care:

The Contractor shall arrange and coordinate services and exchange of information with other health care providers and agencies which:

- Identifies the client's current Primary Care Provider (PCP) at screening and/or intake.
- If the client has no current PCP, the Contractor shall identify available provider(s) in the client's local area such as a federally qualified community health center, community health center, or other local health services.
- Obtains client/patient authorization to communicate with PCP office.
- If no authorization is completed initially, the Contractor shall educate client as to the importance of engaging the PCP in ongoing care and address the client's concerns as part of treatment, with goal of obtaining authorization before discharge.
- Sends the discharge summary to PCP and offers to discuss recovery issues with the provider.
- Arranges (or has the client arrange) a post-discharge appointment with PCP for the client/patient for follow-up of the substance use disorder.

Tobacco Cessation:

The Contractor shall have policies and procedures for both client and Contractor staff, that not only creates a tobacco-free environment as required by law, but to offer tobacco cessation tools and programming. Tobacco use, in and of itself, shall not be grounds for administrative discharge from the program. Initially, all clients shall be assessed for motivation in stopping the use of tobacco products. Providers may tap into resources such as the DPHS Tobacco Prevention & Control Program (TPCP) and

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the certified tobacco cessation counselors available through the QuitLine. Other resources for providers include:

Breathe New Hampshire
145 Hollis St., Unit C
Manchester, NH 03101
603-669-2411 (phone) or 1-800-835-8647

The New Hampshire Medicaid program covers:

- Nicotine Replacement Therapy (NRT) Gum,
- NRT Patch,
- NRT Nasal Spray,
- NRT Lozenge,
- NRT Inhaler,
- Varenicline (Chantix),
- Bupropion (Zyban),
- Group Counseling and/or
- Individual Counseling. Up to 12 individual counseling sessions are covered per year through a mental health provider (Note: These sessions would NOT be in addition to other mental health counseling sessions under Medicaid). Pregnant women also have the option of group counseling. For more information, visit the website at:
<http://www.dhhs.state.nh.us/DHHS/MEDICAIDPROGRAM/default.htm>

Tuberculosis:

The Contractor shall make available tuberculosis services (defined as screening, counseling, testing, and treatment) directly, or through other providers, to each client receiving treatment. In the case of an individual denied admission due to lack of capacity, the substance abuse treatment Contractor will refer the individual to another provider of tuberculosis services if appropriate. All Contractor providing residential services shall make available, either on-site or through agreements with health care providers, tuberculosis services, including screening, testing, counseling and referral for medical treatment.

Physical location and facilities:

For the purpose of providing the services described in Section II of the Scope of Services, the Contractor shall obtain and maintain a suitable space complying with all fire, health, and safety codes to include handicapped accessibility and being wheelchair accessible.

The Contractor shall obtain written prior approval of DHHS, acting through BDAS, before entering into any agreement concerning relocation of the service site.

Culturally and Linguistically Appropriate Standards of Care:

DHHS recognizes that culture and language have considerable impact on how consumers access services. Culturally and linguistically diverse populations experience barriers in efforts to access services. To ensure equal access to quality services, DHHS expects that Contractors shall provide culturally and linguistically appropriate services according to the following guidelines:

1. Assess the ethnic/cultural needs, resources and assets of their community.
2. Promote the knowledge and skills necessary for staff to work effectively with consumers with respect to their culturally and linguistically diverse environment.

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3. When feasible and appropriate, provide clients of Limited English Proficiency (LEP) with interpretation services. Persons of LEP are defined as those who do not speak English as their primary language and whose skills in listening to, speaking, or reading English are such that they are unable to adequately understand and participate in the care or in the services provided to them without language assistance.
4. The Contractor is responsible for reasonable accommodations in arranging for interpreter services for hearing impaired clients.
5. The Contractor offers consumers or clients a forum through which those individuals have the opportunity to provide feedback to the Contractor regarding cultural and linguistic issues that may deserve response.

Compliance with State and Federal Laws:

The Contractor is responsible for compliance with all relevant state and federal laws. Special attention is called to the following statutory responsibilities:

1. All services provided pursuant to this Contract shall be subject to the most current proposed or formalized rules and regulations promulgated by DHHS, pursuant to RSA 541-A.
2. The Contractor shall maintain adherence to federal and state confidentiality laws specifically: 42 CFR Part 2B, N.H. RSA 318 B:12 and N.H. RSA 172:8-A and the Health Insurance Portability and Accountability Act (HIPAA): <http://www.hhs.gov/ocr/privacy/>
3. The Contractor shall meet the standards outlined in NH Administrative Rule He-A 300, Certification and Operation of Alcohol and other Drug Disorder Treatment Programs. This administrative rule is currently expired and under revision. The Contractor should plan to meet the requirements as outlined in the expired rule until the revisions are completed. He-A 300 can be viewed on the RFP link to this document <http://www.dhhs.nh.gov/business/rfp/index.htm>.
4. The Contractor shall, upon the direction of the State, provide court-ordered evaluation in their catchment area and a sliding scale fee shall apply and the inability to pay shall not interfere with the completion and submission of the court-ordered evaluation and shall, upon the direction of the State, offer treatment to those individuals pursuant to RSA 172:13.
5. Contractors considering research, including research conducted by student interns, using individuals served by this contract as subjects must adhere to the legal requirements governing human subjects' research. Contractors must inform the DHHS via contact with BDAS prior to initiating any research involving subjects or participants related to this contract. In addition, research conducted on subjects served by this contract may need to be approved by the New Hampshire Department of Health & Human Services Committee for the Protection of Human Subjects (NH DHHS CPHS) see <http://www.dhhs.nh.gov/irb/>

Client Stabilization:

The Contractor will be expected to arrange for medical clearance for all clients receiving treatment services supported by DHHS administered by BDAS to assure that they are not at risk for acute withdrawal from alcohol and certain drugs. The Contractor shall be expected to provide a range of integrated services that include withdrawal management services that follow detoxification guidelines outlined in Treatment Improvement Protocol (TIP) #45, Detoxification and Substance Abuse Treatment and ASAM guidelines.

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Clinical Services:

The Contractor shall provide the following:

- a. A minimum of one (1) substance abuse counselor on site each day of the week during primary treatment hours. The substance abuse counselor shall have a bachelor's degree or equivalent in social work/psychology, guidance or nursing and/or a certificate in the field of addiction studies from an approved educational institution or educational/life experience.
- b. A minimum of one (1) substance abuse support staff on site each day of the week during all hours not covered by a substance abuse counselor. The substance abuse support staff must have a high school or General Equivalency Diploma (GED). Preference is given to individuals who have completed additional courses or taken training in substance use disorders or other health fields.
- c. An intake/admission coordinator on site Monday through Friday of each week. The intake/admission coordinator shall have one (1) years' work experience in the field of addiction studies.
- d. A full-time Executive Director, not filling any of the positions described above.

Evaluation:

The contractor shall conduct a full substance abuse evaluation, which includes administration of either the ASI or GAIN to determine eligibility for services. This evaluation must be updated every 120 days or when the client transitions to a different level of care.

Assessment of Risk for Self-Harm/Suicide: The Contractor shall have policies and practices for assessing risk of self-harm at all phases of treatment, such as at initial contact, during screening, intake, admission, on-going treatment services and at discharge, and a process for referral when necessary to include referrals to mental health services.

The Contractor shall develop policies, programs and protocols in accordance with SAMHSA guidelines as outlined in the Treatment Improvement Protocols (TIPs) and Technical Assistance Publications (TAPs). These publications can be downloaded from <http://www.kap.samhsa.gov/products/manuals/index.htm>.

Use of Best Practices: The Contractor is required to use the Addiction Severity Index (ASI) or Global Appraisal of Individual Needs (GAIN) assessment tools, the SAMHSA/NIDA MATRS treatment-planning model and the WITS electronic case management system.

Care Coordination:

The Contractor is required to assess each client's need/appropriateness for residential transitional living services and to **refer all clients for care coordination services** made available through the Access to Recovery (ATR) initiative administered by the BDAS so long as this initiative remains available on behalf of DHHS that would commence following the initial course of treatment. Contractors are required to address motivational issues with clients for them to participate effectively in the care coordination and recovery support services. Contractors are required to have clients sign the "ATR Client Participation Agreement" (made available by BDAS), indicating that they either agree or opt out of participating in these services. The contractor will facilitate all clients who agree to participate in these services to complete the Client Participation Agreement and upon obtaining a signed release of information, refer clients to an ATR Care Coordinator Program at least two weeks prior to anticipated date of discharge (dis-enrollment) from services. Assessing the need for aftercare services is expected to take place while

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the client is involved within the most recent episode of care, with a referral being made and accepted by the care coordination service prior to the client being discharged.

The Contractor must provide the following for use by the care coordination program:

- Private space for interviewing/meeting with clients.
- Access to internet (either wired or wireless) in the meeting space
- Telephone in the meeting space and
- A contact person at the Contractor's site for logistics.

It is the expectation of the BDAS at DHHS that, upon completion of appropriate signed releases, the Contractor will provide the care coordination program with necessary information from the clinical record (evaluation, treatment plan, progress notes, etc.) for the care coordination program to develop a service plan with the client.

All alcohol and other drug treatment providers under contract with the BDAS on behalf of DHHS are required to address with all clients, the need for continuing services. This includes clinically managed low-intensity treatment programs under contract with the BDAS on behalf of DHHS as well as care coordination and recovery support services made available through DHHS contracted providers; the ATR initiative administered by BDAS, so long as this initiative remains available; and/or any other resources that become available to pay for these services that would commence following the initial course of treatment. The referral for these services should take place prior to discharge from the initial course of treatment.

Relevant Policies and Guidelines:

The services provided for in this agreement shall be in addition to the services provided for in any other agreement between the State of New Hampshire, any of its agencies, or any of its officers, and the Contractor.

Without limiting the generality of any other provisions of this agreement, the Contractor shall cooperate fully with, and answer all questions of representatives of the State conducting any periodic or special review of the performance of the Contractor or any inspection of the facilities of the Contractor.

Publications Funded Under Contract:

All products produced under this contract are in the public domain. All products (written, video, audio) produced, reproduced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution, or use. The Contract shall credit DHHS on all materials produced under this contract.

Student Internships:

The Contractor shall establish policies and procedures related to student interns that address minimum coursework, experience and core competencies for those interns having direct contact with individuals served by this contract. Student interns shall complete an approved ethics course prior to beginning the internship.

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Staff Licensing Requirements:

The ratio of licensed to non-licensed service providers shall be as follows:

Agencies must have at least one Licensed, or Masters Licensed, Alcohol and Drug Counselor (LADC/MLADC) for each two unlicensed counselors providing substance abuse treatment services and a sufficient number of MLADCs or LADCs with the Licensed Clinical Supervision (LCS) credential to adequately provide for clinical supervision of all clinical staff. This requirement shall be met by the Contractor no later than six (6) months after the date of the Contract effective date.

Updated resumes, which clearly indicate the staff member is employed by the Contractor, including current positions of staff supported by funds provided through this Contract, shall be forwarded to the BDAS as agent for DHHS. The documentation shall include a copy of the New Hampshire Alcohol and Drug Counselor License.

Staff Certification Requirements:

In addition to the requirements for LADCs, all Contractor milieu staff in residential settings and transitional living programs and staff providing recovery support aftercare group services shall be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification under RSA 330-C (<http://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XXX-330-C.htm>). Certification must be completed within six (6) months of the contract's approval date.

Staff providing recovery support services are expected to be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification. Peer recovery support services made available through Recovery Community Organizations (RCOs), under agreement with BDAS on behalf of DHHS, shall be provided by individuals certified by those organizations (CRSW not required for peer recovery support services).

Supervision:

Ongoing clinical supervision will include weekly discussion of cases with suggestions for resources or therapeutic approaches, co-therapy, and periodic assessment of progress. When enough candidates are under supervision, group supervision may be included to help optimize the learning experience.

The content of supervision must include knowledge, skills, values, and ethics with specific application to the practice issues faced by the supervisee, including the core functions as described in the Twelve Core Functions of Alcohol and Drug Counseling.

The content of supervision must also include the standards of practice and ethical conduct, with particular emphasis given to the counselor's role and appropriate responsibilities, professional boundaries, and power dynamics.

Staffing Changes:

BDAS as agent for DHHS shall be notified of changes in key personnel with updated resumes that clearly indicate the staff member is employed by the Contractor submitted within five (5) working days. Key personnel are those staff for whom at least 10% of their work time is spent providing alcohol or other drug abuse treatment services.

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1. New Hires: The Contractor shall notify BDAS on behalf of DHHS in writing within one month of hire when a new administrator or coordinator or any staff person essential to carrying out this scope of services is hired to work in the program. A resume of the employee, which clearly indicates the staff member is employed by the Contractor, shall accompany this notification.

2. Vacancies: The Contractor shall notify BDAS on behalf of DHHS in writing within 14 calendar days, if at any time, any site funded under this agreement does not have adequate staffing to perform all required services for more than one month.

Other Requirements:

The Contractor shall attend trainings and/or meetings as requested by DHHS.

ATR and Recovery Support Services:

All DHHS funded treatment and recovery support service providers must also be approved Access to Recovery (ATR) providers, so long as the ATR initiative remains available, as this will be the source of funding for these recovery support services through the Voucher Management System (VMS). Information on becoming an ATR provider can be found on the DHHS website: <http://www.dhhs.nh.gov/dcbcs/bdas/atr/becomingprovider.htm>

Regional Network Participation:

The Contractor will designate administrative level staff to regularly participate in the Regional Network and contribute to overall regional network strategic planning, monitoring, evaluation, and cross systems communication efforts. The Contractor is highly encouraged to serve on one of the work groups and contribute to data collection, regional strategic planning and evaluation. Participation will be measured by the annual Partner Survey (<http://www.partnertool.net/>) administered by NH Center for Excellence under contract with BDAS as agent for DHHS.

Performance Measures:

All treatment programs under contract with BDAS on behalf of DHHS are required to report on the National Outcome Measures (NOMs) established by the SAMHSA, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the WITS (electronic case management) system. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions.

Data and Reporting Requirements:

1. Without limiting the generality of any other provisions of this agreement, the Contractor shall provide any periodic or special reports required by the DHHS.
2. The Contractor shall notify BDAS, as an authorized agent of DHHS, whenever the Contractor has reached ninety percent capacity to admit new clients. In addition the Contractor shall have a waiting list management policy in accordance with the SAPT Block Grant requirements. This 90% notification process will become automatic when this operation is fully functional in WITS.
3. The Contractor shall notify DHHS through BDAS, within one working day, if sufficient capacity is not available to provide treatment services to a pregnant woman, parenting woman or injection drug user within the required time frames and a referral elsewhere is not successful and interim services cannot be provided.

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Exhibit A Amendment #2

4. The Contractor shall comply with all research and/or information systems development activities for the electronic case management/Web Information Technology System (CM/WITS) conducted by, or authorized by, DHHS.
5. The Contractor shall administer any client surveys, client evaluations including the addiction Severity Index (ASI) or the Global Appraisal of Individual Needs (GAIN), client treatment outcome instruments, the M.A.T.R.S. Treatment Planning Tool, as required by DHHS.
6. The Contractor must have the ability to communicate and submit required reports via the Web-based submission system and/or e-mail, for treatment and recovery support services and interim services. All required clinical and documentation activities shall be entered in WITS unless specifically granted an exception by BDAS on behalf of DHHS.

Critical Incident/Sentinel Event Reporting:

The Department's Sentinel Event policy is contained in the following link:
<http://www.dhhs.nh.gov/dcbcs/sentinel.htm>

Division of Community Based Care Services (DCBCS) Sentinel Event Notification:

The preceding events require the immediate verbal notification to the BDAS Assistant Administrator or Clinical Services Unit Administrator upon the discovery of a sentinel event involving an individual(s) receiving services through a DHHS substance use disorder treatment Contractor.

Since the initial and immediate verbal notification of a sentinel event is likely to include protected health information (PHI) as identified below, the Contractor of services to individuals receiving services funded by the DHHS shall disclose PHI in a private and secure manner. Contractors and vendors should not leave voice-mail messages, but instead make direct telephone contact with the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee. If direct telephone contact is not possible, a voice mail message may be left without protected health information, such as medications and relevant medical and psychiatric diagnoses. As soon as possible after the initial verbal notification, the Contractor will mail or fax a completed *Sentinel Event Reporting Form* as directed in this protocol.

Notification shall include the following:

1. Name and phone number of the individual reporting.
2. Name, date of birth (DOB), medications and all relevant medical and psychiatric diagnoses of individual(s) involved;
3. Location, date, and time of event;
4. Description of the event including what, when, where, how, and other relevant information and identification of any other individuals involved;
5. Legal status of the individual involved with regard to guardianship and power of attorney;
6. Community, guardian, family and/or families' knowledge of the event; and
7. Contractor contact person and contact information.

It shall be the responsibility of the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee to notify the DCBCS Quality Improvement Director by e-mail as soon as the BDAS Clinical Administrator or designee becomes aware a Sentinel Event has occurred. The DCBCS Quality Improvement Director shall make immediate notification to the Commissioner. Internal e-mails within the Department may contain PHI and all Department employees will utilize safeguards to ensure the privacy

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of the PHI as stated in the DHHS General Manual Health Insurance Portability and Accountability Act (HIPAA) policy #504.

Each DCBCS contractor recognizes its responsibility to report evidence of neglect, abuse or exploitation to the appropriate regulatory agencies as required by RSA 161-F: 42-57 and RSA 169-C:29. In any case of known or suspected neglect, abuse or exploitation, the Contractor aware of the situation shall follow all applicable rules relative to individual rights protection procedures.

Written follow up information is to be forwarded by the reporting Contractor to the appropriate BDAS Administrator listed below within 72 hours by completing the *Sentinel Event Reporting Form*. To protect clients' confidential information, reporting Contractors should submit the *Sentinel Event Reporting Form* either by fax to the BDAS Assistant Administrator or the BDAS Clinical Services Unit Administrator by a mail service that provides delivery confirmation.

Bureau of Drug and Alcohol Services
Assistant Administrator
105 Pleasant Street
Concord, NH 03301
Or by fax to the BDAS Administrator's Office at 271-6105;

Follow-up information is the responsibility of the Contractor and should be submitted in a way as to protect clients' confidential information such as by mail with delivery confirmation and should include:

1. The *Sentinel Event Reporting Form*(www.dhhs.nh.gov/dcbcs/documents/sentinelform.pdf);
2. Additional details as they are learned or if the status of the situation changes; and,
3. Copies of newspaper articles.

Additionally, DHHS requires critical incident reporting. The Contractor shall report all critical incidents/sentinel events to the BDAS Clinical Services Unit Administrator immediately via telephone. Every effort shall be made to reach the BDAS administrator directly. If a voice message is necessary, sufficient provider contact information shall be provided so that DHHS is able to reach the reporter, or other responsible staff, immediately.

A critical incident includes, but is not limited to, any child or adult protective services report to the Division of Children, Youth and Families (DCYF), or the Bureau of Elderly and Adult Services (BEAS), respectively, regarding any incident involving 1) a staff/employee to youth or client, 2) youth to youth, or 3) client to client. This includes incidents that occur while a client is on leave, or on a pass, from the Contractor and may be off site at the time the incident occurred.

A sentinel event is an unexpected occurrence involving the death or serious physical or psychological injury, or risk thereof, signaling the need for immediate investigation and response.

Death or any serious injury or medical emergency regarding staff or clients that requires emergency medical attention (EMT or other emergency personnel at the Contractor's site, or a hospital emergency room visit), or any crime reportable to law enforcement, or any other serious incident must also be reported to DHHS as described below.



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Reportable sentinel events include, but are not limited to, any occurrence that meets any of the following criteria:

1. An unanticipated death or permanent loss of function, not related to the natural course of an individual's illness or underlying condition.
2. Homicide or suicide of any individual receiving DHHS funded care, treatment or services, that had been discharged from a Department funded program or facility within 30 days of the event, or has been evaluated by a service Contractor within the preceding 30 days;
3. Sexual assault or rape of any individual receiving DHHS funded care, treatment or services by another client or employee of any Department funded program or facility where there is an act that was witnessed or there is sufficient clinical evidence obtained by the Contractor to support allegation of nonconsensual sexual contact.
4. Unauthorized departure of an individual receiving DHHS funded services, from a facility providing care, resulting in death or permanent loss of function.
5. Medication error that results in death, paralysis, coma, or other permanent loss of function.
6. Delay or failure to provide DHHS funded Contractor services that result in death or permanent loss of function.
7. Abuse as a result of the willful infliction of injury, unreasonable confinement, intimidation, or punishment with resulting physical harm, or mental anguish. This includes staff neglect or indifference to infliction of injury or intimidation of one individual by another.
8. Neglect as a result of the failure to provide the goods and services necessary to avoid physical harm, mental anguish or mental illness.
9. Assault of or by a client of the Contractor that results in the injury of the person or another person of such severity that medical attention is required.
10. Arson resulting in property loss.
11. High profile events, which may include media coverage and/or police involvement.

On-Site Reviews:

1. The Contractor shall allow a team or person authorized by DHHS to periodically review the Contractor's systems of governance, administration, data collection and submission, clinical, and financial management in order to assure systems are adequate to provide the contracted services.
2. Reviews shall include, but not be limited to, client record reviews to measure compliance with this exhibit.
3. The Contractor shall make corrective actions as advised by the review team if contracted services are not found to be provided in accordance with this exhibit.
4. DHHS staff shall contact the Contractor in advance of the site visit, so that the Contractor shall have sufficient time to prepare any guidance/reporting systems or logs that will be reviewed at the site visit.

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Exhibit B Amendment #2

Method and Conditions Precedent to Payment

The State shall pay the Contractor an amount not to exceed the Price Limitation, block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services, and in accordance with Exhibit B.

Funding for this Agreement is funded by various sources as a percentage of the total amount of \$86,803 as follows:

- 46 % Federal Funds from the Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant (CFDA #93.959);
- 22 % General Governor's Commission on Alcohol and Drug Abuse Prevention, Intervention and Treatment Funds; and
- 32 % General funds.

I. Payment Methodology

The Contractor shall be reimbursed for providing and delivering the services listed in Exhibit A, paragraph B. The following terms and conditions detailed in this Exhibit B shall apply to all services unless expressly stated otherwise.

The Contractor shall agree to use and apply all contract funds from the State for costs and expenses as detailed in the Service Reimbursement Table below. Allowable costs and expenses shall be determined by the State in accordance with applicable state and federal laws and regulations. Starting in State Fiscal Year 2015 (effective July 1, 2014) the contractor will receive a payment for each service at the rates and within the limits described below. For clients receiving DHHS supported services, the contractor may not charge the client, any 3rd party payor, and DHHS a combined rate that is more than the rate established by BDAS for that level of service or any other fees. These parties shall be charged in the following order:

1. The maximum allowed charge will be billed to the client's insurer, if applicable.
2. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
3. The balance of the maximum allowed charge, after deducting the client's portion and insurance payment, if applicable, shall be charged to DHHS.

Service Reimbursement Table - A check mark indicates the services and corresponding rates the Contractor will be reimbursed for.

Check mark indicates applicable service	Service	DHHS Established Rate	Service Limit
X	Evaluation	\$225	1 every 90 days
X	Outpatient – Individual	\$18.75/unit***	\$190 of combined individual & group/week
X	Outpatient – Group	\$5.00/unit	
X	Intensive Outpatient*	\$80.00/day	\$320 (4 days)/week
	Low-Intensity Residential – Adult	\$100.00/day	\$700 (7 days) /week

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	Low-Intensity Residential – Adolescent	\$128.00/day	\$896 (7 days) /week
	High-Intensity Residential – Adult	\$130.00/day	\$910 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Room & Board Only	\$66.00/day	\$462 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Clinical Services	\$162.60/day	\$1138.20 (7 days) /week
	Medium Intensity Residential – Adolescent	\$170.00/day	\$1190 (7 days) /week
	Recovery Support Services		
X	Individual	\$15.00/unit	\$160 of combined individual & group/week
X	Group	\$5.00/unit	
X	Continuous Recovery Monitoring – Attempted**	\$15.00/contact	\$60 of combined attempted and completed/month for the first 6 months post discharge
X	Continuous Recovery Monitoring – Completed	\$15.00/contact	
	Enhanced Services	Varied	

* Providers may bill the per diem rate for Intensive Outpatient Treatment services only on those days when the client attends individual and/or group counseling associated with the program. It is expected that each day of attendance includes a minimum of 3 hours of group and/or individual counseling services.

**Attempted Contact is at least 3 attempts to contact a client over the course of at least one week.

*** A unit is equal to 15 minutes of service

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. Failure to meet this requirement may result in amendment to or termination of the contract. At a minimum, contractors must provide the array of services they contracted to provide for in SFY14.

1. Performance Incentives:

A. Access to Services:

Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received and shall conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but



Exhibit B Amendment #2

not later than 5 business days following the date of first contact. For each client who screens eligible for services and starts receiving services, whether for the identified level of care or interim services, within 10 business days following the eligibility screening, the treatment contractor will receive an incentive payment of \$75.00. Access incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

B. Completion:

For each client who is discharged from the program because they have completed treatment or transferred to another treatment provider as recorded in the Discharge Type field of the WITS Discharge Module, the treatment contractor will receive an incentive payment of \$75.00. Completion incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

C. Client Outcomes:

If a client who was discharged from the program meets at least 3 of the Outcome criteria below in the 3rd and/or 6th month post-discharge, as evidenced by the WITS Follow-Up module, the treatment contractor will receive an incentive payment in the amount of \$50. The 3rd month post discharge is considered to be 60 – 120 days post discharge. The 6th month post discharge is considered to be 150 – 210 days post discharge. Outcomes incentives will be calculated and paid on a monthly basis for clients meeting criteria in the previous calendar month. It is expected that at least 50% of discharged clients will be contacted for 3 and/or 6 month follow-up over the contract year.

- i. Abstinence: The client reports reduced or no substance use in the past 30 days.
- ii. Employment/Education: The client reports increased or retained employment or the client reports returning to or staying in school.
- iii. Crime and Criminal Justice: The client reports no arrests in the past 30 days.
- iv. Stability in Housing: The client reports being in stable housing.
- v. Social Connectedness: The client reports engagement in Recovery Support Services, Care Coordination, and/or Community Based Support Groups in the past 30 days.

D. Performance Incentive Payout Limits:

Performance incentives are limited to no more than 6% of the total contract amount annually. The total amount paid out during the contract year will never exceed the total contract amount. DHHS is not obligated to make payment for any incentives that occur outside of the current contract year; however, incentives may be carried over to future contract years at the discretion of DHHS.

2. Failure to Meet Deliverables:

The Contractor shall comply with all contract requirements as detailed in Exhibit A section B, Required Services. Upon determination that Contractor may not be meeting the required deliverables, within two (2) weeks BDAS will provide a written correction action plan. Within two (2) weeks of notification of the corrective action plan, Contractor will provide a written remedial plan. BDAS will monitor the corrective actions for 60 days. Failure to meet requirements of the corrective action plan within 60 days may result in withholding of any or all payments or termination of the contract.

3. Invoicing & Billing:

All billing shall be completed via the WITS system according to protocols established by BDAS.



Exhibit B Amendment #2

The Contractor shall have written authorization from the State prior to using contract funds to purchase or lease any equipment with a cost in excess of two thousand five hundred dollars (\$2500) and with a useful life beyond one year.

II. Allocation of Funding:

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. The contractor is prohibited from spending down more than the sum of the total contract amount that includes the cost of the client services and related incentives.

III. Availability of Alternative Funding:

The New Hampshire Department of Health and Human Services may terminate or amend the contract should alternate third party payors, including Medicaid, the New Hampshire Health Protection Program and/or insurance available on the New Hampshire Insurance Exchange cover any of the services included in this contract.

IV. Limitations and restrictions of federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds:

The Contractor agrees to use the SAPT funds as the payment of last resort.

Restrictions on SAPT Block Grant on State and Contractor expenditures include:

The State may not:

- Provide inpatient hospital services except under those conditions outlined in the regulations.
- Make cash payments to intended recipients of substance abuse services.
- Purchase or improve land.
- Purchase, construct, or permanently improve buildings or other facilities.
- Purchase major medical equipment.
- Satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds. (in-kind)
- Provide financial assistance to any entity other than a public or non-profit private entity.
- Provide individuals with hypodermic needles or syringes.
- Expend more than the amount of Block Grant funds expended in FFY91 for treatment services provided in penal or correctional institutions of the State.

The Contractor shall not:

- Use any federal funds provided under this contract for the purpose of conducting testing for the etiologic agent for Human Immunodeficiency Virus (HIV) unless such testing is accompanied by appropriate pre and post-test counseling.
- Use any federal funds provided under this contract for the purpose of conducting any form of needle exchange, free needle programs or the distribution of bleach for the cleaning of needles for intravenous drug abusers.

V. Charitable Choice:



Exhibit B Amendment #2

Federal Charitable Choice statutory provisions ensure that religious organizations are able to equally compete for Federal substance abuse funding administered by SAMHSA, without impairing the religious character of such organizations and without diminishing the religious freedom of SAMHSA beneficiaries (see 42 USC 300x-65 and 42 CFR Part 54 and Part 54a, 45 CFR Part 96, Charitable Choice Provisions and Regulations). Charitable Choice statutory provisions of the Public Health Service Act enacted by Congress in 2000 are applicable to the SAPT Block Grant program. No funds provided directly from SAMHSA or the relevant State or local government to organizations participating in applicable programs may be expended for inherently religious activities, such as worship, religious instruction, or proselytization. If an organization conducts such activities, it must offer them separately, in time or location, from the programs or services for which it receives funds directly from SAMHSA or the relevant State or local government under any applicable program, and participation must be voluntary for the program beneficiaries.

- VI. Notwithstanding paragraph 18 of the General Provisions of this Agreement P-37, an amendment limited to adjusting amounts within the budgets and within the price limitation, can be made by written agreement of both parties and may be made without obtaining approval of Governor and Executive Council.

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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 CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE is a New Hampshire nonprofit corporation formed September 25, 1914. 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 2nd day of April A.D. 2014

A handwritten signature in cursive script, reading "William M. Gardner".

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

I, MARILYN MAHONEY, do hereby certify that:
(Name of the elected Officer of the Agency; cannot be contract signatory)

1. I am a duly elected Officer of CHILD AND FAMILY SERVICES OF NH
(Agency Name)

2. The following are true copies of two resolutions duly adopted at a meeting of the Board of Directors of
the Agency duly held on 1/28/2014:
(Date)

RESOLVED: That this corporation enters into a contract with the State of New Hampshire, acting through its
Department of Health and Human Services.

RESOLVED: That the PRESIDENT AND CEO
(Title of Contract Signatory)

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

BORJA ALVAREZ DE TOLEDO is the duly elected PRESIDENT/CEO
(Name of Contract Signatory) (Title of Contract Signatory)

of the Agency.

3. The forgoing resolutions have not been amended or revoked, and remain in full force and effect as of
the ~~19th~~ day of May, 2014.

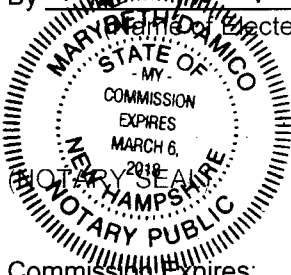
Marilyn T. Mahoney
(Signature of the Elected Officer)

STATE OF NEW HAMPSHIRE

County of Hillsborough

The forgoing instrument was acknowledged before me this 19th day of May, 2014.

By Marilyn T. Mahoney
(Signature of Elected Officer of the Agency)



Marybeth D. Amico
(Notary Public/Justice of the Peace)

Commission Expires: _____



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
4/7/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER FIAI/Cross Insurance 1100 Elm Street Manchester NH 03101		CONTACT NAME: Linda Dacey, CIC PHONE (A/C, No, Ext): (603) 669-3218 FAX (A/C, No): (603) 645-4331 E-MAIL ADDRESS: ldacey@crossagency.com																						
INSURED Child & Family Services of New Hampshire Po Box 448 Manchester NH 03105		<table border="1"><thead><tr><th colspan="2">INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr></thead><tbody><tr><td>INSURER A:</td><td>Philadelphia Ins Co</td><td></td></tr><tr><td>INSURER B:</td><td>QBE Insurance Corp</td><td>39217</td></tr><tr><td>INSURER C:</td><td>Travelers Ins. Co.</td><td>-</td></tr><tr><td>INSURER D:</td><td></td><td></td></tr><tr><td>INSURER E:</td><td></td><td></td></tr><tr><td>INSURER F:</td><td></td><td></td></tr></tbody></table>		INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A:	Philadelphia Ins Co		INSURER B:	QBE Insurance Corp	39217	INSURER C:	Travelers Ins. Co.	-	INSURER D:			INSURER E:			INSURER F:		
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INSURER D:																								
INSURER E:																								
INSURER F:																								

COVERAGES

CERTIFICATE NUMBER: 13-14 All incl F&F & Prof

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATION MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY						EACH OCCURRENCE \$ 1,000,000
	☒ COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000
	☐ CLAIMS-MADE ☒ OCCUR			PHPK1043433	7/1/2013	7/1/2014	MED EXP (Any one person) \$ 15,000
							PERSONAL & ADV INJURY \$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE \$ 2,000,000
	☒ POLICY ☐ PROJECT ☐ LOC						PRODUCTS - COM/POP AGG \$ 2,000,000
A	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	☒ ANY AUTO						BODILY INJURY (Per person) \$
	☐ ALL OWNED AUTOS			PHPK1043433	7/1/2013	7/1/2014	BODILY INJURY (Per accident) \$
	☒ HIRED AUTOS ☒ SCHEDULED AUTOS NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident) \$
							Drive other car \$ 1,000,000
A	UMBRELLA LIAB ☒ OCCUR						EACH OCCURRENCE \$ 4,000,000
	☒ EXCESS LIAB						AGGREGATE \$ 4,000,000
	DED ☒ RETENTION \$ 10,000			PHUB427096	7/1/2013	7/1/2014	\$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			QWC4001064			☒ WC STATUTORY LIMITS ☐ OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N	N/A	(3a.) NH			E L EACH ACCIDENT \$ 500,000
	If yes, describe under DESCRIPTION OF OPERATIONS below			All officers included	4/4/2014	4/4/2015	E L DISEASE - EA EMPLOYEE \$ 500,000
							E L DISEASE - POLICY LIMIT \$ 500,000
C	Fidelity & Forgery			105912196	4/1/2013	4/1/2016	Limit: \$200,000
A	Professional Liability			PHPK879641	7/1/2013	7/1/2014	Aggregate: \$2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Refer to policy for exclusionary endorsements and special provisions.

CERTIFICATE HOLDER

CANCELLATION

DHHS Contracts and Procurement Unit 129 Pleasant Street Concord, NH 03301	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE
	T Franggos/JSC <i>Jalitha Franggos</i>

**CHILD AND FAMILY SERVICES
OF NEW HAMPSHIRE**

FINANCIAL STATEMENTS

DECEMBER 31, 2013

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HESSION & PARE, PC

CERTIFIED PUBLIC ACCOUNTANTS

62 Stark Street, Manchester, New Hampshire 03101
603-669-5477 FAX 603-669-0197

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Child and Family Services of New Hampshire
Manchester, New Hampshire

Report on the Financial Statements

We have audited the accompanying consolidated statements of Child and Family Services of New Hampshire (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

The Board of Trustees
Child and Family Services of New Hampshire

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 Child and Family Services of New Hampshire as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2014, on our consideration of Child and Family Services of New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Child and Family Services of New Hampshire's internal control over financial reporting and compliance.

HESSION, PAZZ, P.C.

March 19, 2014

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2013 and 2012

ASSETS		
	<u>2013</u>	<u>2012</u>
Assets		
Cash and cash equivalents	\$ 299,616	\$ 255,465
Cash restricted for payment of long-term debt	30,000	30,000
Accounts receivable, less allowance for doubtful accounts of \$6,805 in 2013 and \$7,505 in 2012	826,082	949,727
Prepaid expenses	171,481	130,667
Deferred expenses	10,175	24,843
Bequest receivable	50,000	50,000
Beneficial interest in funds held by others	1,872,875	1,736,855
Property, plant and equipment, net	7,048,577	7,316,090
Investments	16,978,687	14,955,171
Total assets	<u>\$ 27,287,493</u>	<u>\$ 25,448,818</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 206,247	\$ 130,627
Accrued vacation	271,820	260,070
Accrued wages and related expenses	351,068	309,579
Annuities payable	362	1,487
Mark to market interest rate swap liability	937,081	1,558,953
Long-term debt	5,319,031	5,432,682
Total liabilities	<u>7,085,609</u>	<u>7,693,398</u>
Net assets		
Unrestricted	(73,905)	255,496
Designated by Board	14,210,820	11,983,121
Temporarily restricted	2,943,580	2,771,474
Permanently restricted	3,121,389	2,745,329
Total net assets	<u>20,201,884</u>	<u>17,755,420</u>
Total liabilities and net assets	<u>\$ 27,287,493</u>	<u>\$ 25,448,818</u>

See notes to financial statements.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue				
Public support				
Government and other grants and fees	\$ 8,394,288	\$ -	\$ -	\$ 8,394,288
Contributions	265,340	-	240,040	505,380
Foundations and trusts	712,659	-	-	712,659
United Way	273,560	-	-	273,560
Special events (net of direct costs of \$98,956)	299,357	-	-	299,357
Net assets released from restriction for operating activities	72,301	(72,301)	-	-
Total public support	<u>10,017,505</u>	<u>(72,301)</u>	<u>240,040</u>	<u>10,185,244</u>
Revenue				
Program service fees	1,862,787	-	-	1,862,787
Endowment transfer to support operations	694,226	-	-	694,226
In-kind donations	120,954	-	-	120,954
Rents	2,985	-	-	2,985
Income from HEFA trust	6,514	-	-	6,514
Total other revenue	<u>2,687,466</u>	<u>-</u>	<u>-</u>	<u>2,687,466</u>
Total public support and revenue	<u>12,704,971</u>	<u>(72,301)</u>	<u>240,040</u>	<u>12,872,710</u>
Expenses				
Program services				
Family counseling	911,726	-	-	911,726
Teen and youth	1,716,126	-	-	1,716,126
Child abuse treatment and family strengthening	3,652,550	-	-	3,652,550
Child abuse prevention	2,004,988	-	-	2,004,988
Early intervention	408,720	-	-	408,720
Homecare	1,952,380	-	-	1,952,380
Residential services	578,849	-	-	578,849
Adoptions and pregnancy counseling	133,858	-	-	133,858
Child advocacy	108,281	-	-	108,281
Summer camp	280,018	-	-	280,018
Total program services	<u>11,747,496</u>	<u>-</u>	<u>-</u>	<u>11,747,496</u>
Supporting services				
Public relations and financial development	453,384	-	-	453,384
Management and general	834,321	-	-	834,321
Total supporting services	<u>1,287,705</u>	<u>-</u>	<u>-</u>	<u>1,287,705</u>
Total expenses	<u>13,035,201</u>	<u>-</u>	<u>-</u>	<u>13,035,201</u>
Increase (decrease) in net assets before non-operating gains and losses	<u>(330,230)</u>	<u>(72,301)</u>	<u>240,040</u>	<u>(162,491)</u>

See notes to financial statements.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

STATEMENT OF ACTIVITIES (concluded)

Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Increase (decrease) in net assets before non-operating gains and losses	\$ (330,230)	\$ (72,301)	\$ 240,040	\$ (162,491)
Non-operating gains and losses				
Investment gain (net of fees) reduced by the portion of cumulative net appreciation designated for current operations	1,606,655	244,407	-	1,851,062
Unrealized gain on mark to market interest rate swap	621,873	-	-	621,873
Change in beneficial interest in funds held by others	-	-	136,020	136,020
Increase in net assets	1,898,298	172,106	376,060	2,446,464
Net assets, beginning of year	12,238,617	2,771,474	2,745,329	17,755,420
Net assets, end of year	<u>\$ 14,136,915</u>	<u>\$ 2,943,580</u>	<u>\$ 3,121,389</u>	<u>\$ 20,201,884</u>

See notes to financial statements.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue				
Public support				
Government and other grants and fees	\$ 8,236,067	\$ -	\$ -	\$ 8,236,067
Contributions	267,930	-	159,275	427,205
Foundations and trusts	602,049	-	-	602,049
United Way	304,996	-	-	304,996
Special events (net of direct costs of \$103,656)	198,954	-	-	198,954
Net assets change in restrictions	281,064	(350,282)	69,218	-
Total public support	<u>9,891,060</u>	<u>(350,282)</u>	<u>228,493</u>	<u>9,769,271</u>
Revenue				
Program service fees	1,823,706	-	-	1,823,706
Endowment transfer to support operations	856,719	-	-	856,719
In-kind donations	147,429	-	-	147,429
Rents	15,207	-	-	15,207
Income from HEFA trust	8,410	-	-	8,410
Total other revenue	<u>2,851,471</u>	<u>-</u>	<u>-</u>	<u>2,851,471</u>
Total public support and revenue	<u>12,742,531</u>	<u>(350,282)</u>	<u>228,493</u>	<u>12,620,742</u>
Expenses				
Program services				
Family counseling	1,047,925	-	-	1,047,925
Teen and youth	1,900,608	-	-	1,900,608
Child abuse treatment and family strengthening	1,984,898	-	-	1,984,898
Child abuse prevention	3,270,527	-	-	3,270,527
Early intervention	403,047	-	-	403,047
Homecare	1,736,040	-	-	1,736,040
Residential services	556,649	-	-	556,649
Adoptions and pregnancy counseling	152,139	-	-	152,139
Child advocacy	129,760	-	-	129,760
Summer camp	274,385	-	-	274,385
Total program services	<u>11,455,978</u>	<u>-</u>	<u>-</u>	<u>11,455,978</u>
Supporting services				
Public relations and financial development	452,551	-	-	452,551
Management and general	798,942	-	-	798,942
Total supporting services	<u>1,251,493</u>	<u>-</u>	<u>-</u>	<u>1,251,493</u>
Total expenses	<u>12,707,471</u>	<u>-</u>	<u>-</u>	<u>12,707,471</u>
Increase (decrease) in net assets before non-operating gains and losses	<u>35,060</u>	<u>(350,282)</u>	<u>228,493</u>	<u>(86,729)</u>

See notes to financial statements.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

STATEMENT OF ACTIVITIES (concluded)

Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Increase (decrease) in net assets before non-operating gains and losses	\$ 35,060	\$ (350,282)	\$ 228,493	\$ (86,729)
Non-operating gains and losses				
Investment gain reduced by the portion of cumulative net appreciation designated for current operations	809,399	158,899	-	968,298
Unrealized gain on mark to market interest rate swap	101,448	-	-	101,448
Change in beneficial interest in funds held by others	-	-	90,730	90,730
Increase (decrease) in net assets	945,907	(191,383)	319,223	1,073,747
Net assets, beginning of year, as originally stated	11,374,816	2,619,139	2,687,718	16,681,673
Reclassification to comply with UPMIFA (Note 18)	(82,106)	343,718	(261,612)	-
Net assets, beginning of year as restated	11,292,710	2,962,857	2,426,106	16,681,673
Net assets, end of year	\$ 12,238,617	\$ 2,771,474	\$ 2,745,329	\$ 17,755,420

See notes to financial statements.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

STATEMENTS OF CASH FLOWS

Year Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ 2,446,464	\$ 1,073,747
Adjustments to reconcile change to net cash provided (used) by operating activities		
Depreciation	362,791	369,616
Realized (gain) on sale of investments	(435,757)	(102,398)
Unrealized (gain) on investments	(1,770,261)	(1,463,682)
Unrealized (gain) on mark to market interest rate swap	(621,872)	(101,448)
Amortization of NHHFA notes payable	19,530	18,426
(Increase) in restricted cash	-	(5,000)
Decrease in accounts receivable	123,645	31,147
(Increase) in prepaid expenses	(40,814)	(68,441)
Decrease in deferred expenses	14,668	17,529
(Increase) in bequest receivable	-	(50,000)
(Increase) in beneficial interests in trusts	(136,020)	(90,729)
Increase in accounts payable	75,620	21,035
Increase (decrease) in accrued vacation and expenses	53,240	43,537
Net cash provided by (used in) operating activities	<u>91,234</u>	<u>(306,661)</u>
Cash flows used in investing activities		
Contribution restricted to endowment	(240,040)	(159,275)
Reinvested income	(396,458)	(310,652)
Proceeds from appropriation of endowment	819,000	1,151,675
Proceeds from release of restricted endowment	-	24,400
Cash paid for land, buildings and equipment	<u>(95,279)</u>	<u>(83,477)</u>
Net cash provided by investing activities	<u>87,223</u>	<u>622,671</u>
Cash flows from financing activities		
Cash advance on line of credit	5,348,845	5,674,677
Cash (payment) on line of credit	(5,348,845)	(5,799,212)
Cash payments on long-term debt	(133,181)	(138,423)
Cash paid on annuity	<u>(1,125)</u>	<u>(1,125)</u>
Net cash (used in) financing activities	<u>(134,306)</u>	<u>(264,083)</u>
Increase in cash and cash equivalents	<u>44,151</u>	<u>51,927</u>
Cash and cash equivalents, beginning of year	<u>255,465</u>	<u>203,538</u>
Cash and cash equivalents, end of year	<u>\$ 299,616</u>	<u>\$ 255,465</u>
Supplemental disclosure of cash flow information		
Interest paid in cash	<u>\$ 319,434</u>	<u>\$ 332,900</u>
Amortization of 2007 NHHFA note payable	<u>\$ 10,373</u>	<u>\$ 9,786</u>
Amortization of 2005 NHHFA note payable	<u>\$ 9,157</u>	<u>\$ 8,640</u>
See notes to financial statements.		

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2013

	Family Counseling	Teen and Youth	Child Abuse Treatment and Family Strengthening	Child Abuse Prevention	Early Intervention	Homecare	Residential Services	Adoptions and Pregnancy Counseling	Child Advocacy	Summer Camp	Public Relations and Financial Development	Management and General	Total
Salaries	\$ 525,824	\$ 880,092	\$ 1,968,360	\$ 1,078,120	\$ 232,297	\$ 1,403,372	\$ 333,640	\$ 75,403	\$ 76,934	\$ 92,872	\$ 230,481	\$ 557,151	\$ 7,454,546
Employee benefits	72,334	129,319	252,237	132,292	39,776	76,044	55,127	13,216	6,589	10,429	30,150	94,349	911,862
Payroll related costs	55,849	96,379	208,029	126,828	23,359	157,958	39,696	6,883	6,461	10,960	19,121	51,604	803,127
Assistance to individuals	29,947	180,505	294,768	79,876	315	10,494	29,606	4,866	-	50,331	93,137	-	773,845
Travel and transportation	13,763	61,450	379,407	88,099	19,774	60,826	13,996	2,938	365	4,175	2,401	1,210	648,404
Professional fees	91,664	44,849	32,638	180,052	41,936	33,190	18,932	9,407	579	16,606	7,615	28,552	506,020
Occupancy	32,432	72,533	138,525	68,176	10,610	39,025	20,474	3,358	2,737	50,404	9,773	5,589	453,636
Interest	26,719	48,021	108,889	59,276	12,154	59,802	16,366	3,853	3,282	8,191	-	698	347,251
Communications	12,722	36,945	63,202	29,042	6,244	17,454	6,683	4,848	2,100	4,401	12,963	1,609	198,213
Rental and equipment maintenance	7,683	17,832	10,840	19,025	2,285	2,716	3,901	2,120	1,087	3,354	-	34,747	105,590
Supplies	2,819	21,179	13,711	21,118	1,605	10,614	7,064	550	440	9,941	2,183	4,577	95,801
Insurance	3,928	11,346	21,303	12,271	2,629	8,108	4,489	754	570	666	1,794	5,628	73,486
Printing and publications	1,339	2,029	6,046	3,051	1,074	6,368	249	897	961	5,331	35,955	5,557	68,857
Miscellaneous	1,810	6,083	7,673	17,962	924	10,168	2,213	(345)	177	1,117	3,009	1,922	52,713
Conferences and meetings	4,399	5,665	4,761	5,747	1,271	524	1,656	582	918	2,148	2,655	9,872	40,198
Membership dues	840	1,459	1,980	4,371	487	907	555	80	1,601	179	1,420	4,028	17,907
Total expenses before depreciation and in-kind donations	884,072	1,615,686	3,512,369	1,925,306	396,740	1,897,570	554,647	129,410	104,801	271,105	452,657	807,093	12,551,456
Depreciation	27,654	51,685	102,612	58,812	11,980	54,810	21,650	4,448	3,480	7,964	-	17,696	362,791
In-kind donations	-	48,755	37,569	20,870	-	-	2,552	-	-	949	727	9,532	120,954
Total functional expenses	\$ 911,726	\$ 1,716,126	\$ 3,652,550	\$ 2,004,988	\$ 408,720	\$ 1,952,380	\$ 578,849	\$ 133,858	\$ 108,281	\$ 280,018	\$ 453,384	\$ 834,321	\$ 13,035,201

See notes to financial statements.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2012

	Family Counseling	Teen and Youth	Child Abuse Treatment and Family Strengthening	Child Abuse Prevention	Early Intervention	Homework	Residential Services	Adoptions and Pregnancy Counseling	Child Advocacy	Summer Camp	Public Relations and Management Financial Development	General	Total
Salaries	\$ 635,022	\$ 980,976	\$ 1,018,969	\$ 1,850,539	\$ 223,647	\$ 1,263,462	\$ 324,070	\$ 86,153	\$ 90,880	\$ 90,924	\$ 226,793	\$ 567,760	\$ 7,359,195
Employee benefits	62,019	154,674	109,230	215,323	38,382	55,487	55,452	19,627	8,535	6,471	30,140	64,858	820,198
Payroll related costs	65,661	98,404	106,101	204,609	21,182	142,134	35,232	7,405	7,506	11,192	18,632	45,821	763,879
Assistance to individuals	29,206	177,457	72,615	214,692	11	4,578	18,265	730	2	49,812	95,100	4	662,472
Travel and transportation	24,096	52,934	79,841	388,858	20,320	50,256	10,100	2,666	758	4,451	3,446	186	637,912
Professional fees	81,389	60,976	161,099	24,117	46,216	17,640	19,001	9,972	376	20,588	9,412	29,116	479,902
Occupancy	43,459	82,619	43,816	118,572	10,716	39,261	19,245	4,149	2,496	41,108	8,430	3,778	417,649
Interest	32,624	56,590	111,426	53,916	12,732	56,106	16,575	4,685	4,176	8,299	-	2,264	359,393
Communications	15,213	41,282	30,509	61,441	7,981	17,712	7,302	5,184	2,429	4,463	13,447	1,649	208,612
Rental and equipment maintenance	8,342	19,195	30,641	13,277	2,474	3,117	4,175	2,257	1,180	2,842	357	36,211	124,068
Supplies	3,968	23,377	6,917	17,635	1,275	8,731	8,046	677	390	9,948	3,212	3,977	88,153
Printing and publications	3,745	2,365	8,812	18,551	1,070	5,753	600	2,111	1,522	4,884	34,547	1,233	85,193
Insurance	4,211	11,741	9,200	15,874	2,367	6,979	4,264	790	535	544	1,679	5,442	63,626
Miscellaneous	3,304	8,353	10,688	6,862	1,499	12,628	2,903	251	308	1,377	1,687	2,921	52,781
Conferences and meetings	2,858	9,334	12,963	5,721	672	913	2,105	246	3,280	4,027	2,986	6,835	51,940
Membership dues	332	1,507	2,737	1,865	269	941	1,972	86	1,146	152	1,015	3,431	15,453
Total expenses before depreciation and in-kind donations	1,015,449	1,781,784	1,815,564	3,211,852	390,813	1,685,698	529,307	146,989	125,519	261,082	450,883	775,486	12,190,426
Depreciation	32,476	58,623	103,499	51,970	12,234	50,342	21,530	5,150	4,241	11,377	-	18,174	369,616
In-kind donations	-	60,201	65,835	6,705	-	-	5,812	-	-	1,926	1,668	5,282	147,429
Total functional expenses	\$ 1,047,925	\$ 1,900,608	\$ 1,984,898	\$ 3,270,527	\$ 403,047	\$ 1,736,040	\$ 556,649	\$ 152,139	\$ 129,760	\$ 274,385	\$ 452,551	\$ 798,942	\$ 12,707,471

See notes to financial statements.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 1. NATURE OF ACTIVITIES

Child and Family Services of New Hampshire (the "Organization") operates as a voluntary, non-sectarian, non-profit organization located throughout the State of New Hampshire providing direct social services for families and children. The Organization's major source of revenue is derived from government and other grant income.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis and in accordance with the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification (ASC) 958-205 and subsections.

This Topic establishes standards for general-purpose external financial statements of not-for-profit organizations, including a statement of financial position, a statement of activities and a statement of cash flows. This Topic further requires classification of net assets and its revenues, expenses, gains and losses into three categories, based on the existence or absence of externally imposed restrictions. The categories, unrestricted, temporarily restricted and permanently restricted net assets are defined as follows:

Unrestricted – include the following:

Undesignated – Net assets include revenue and expenses associated with the principal operating mission of the Organization.

Board Designated – Net assets include the fair value of unrestricted investments that the Board of Trustees has set aside and elected to use towards future operations.

Temporarily Restricted – Net assets whose use is limited by law or donor-imposed stipulations that will either expire with the passage of time or fulfilled by actions of the Organization. It also includes the accumulated appreciation related to permanently restricted endowment gifts, which is a requirement of FASB ASC 958-205-45.

Permanently Restricted – Reflects the historical cost of gifts (and in certain circumstances, the earnings from those gifts), subject to donor-imposed stipulations, which require the corpus to be invested in perpetuity to produce income for general or specific purposes. Permanently restricted net assets also include the fair value of the Organization's beneficial interest in funds held by others.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation

The financial statements include accounts of the Organization and Child and Family Realty Corporation, a commonly controlled organization. All inter-organization transactions have been eliminated.

Use of estimates

The Organization uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenue and expenses. Actual results could differ from those estimates.

Income taxes

The Organization applied for and has been granted recognition of exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986. Section 501(c)(3) of the Code provides for the exemption of organizations that are organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholders or individuals. The Organization had no unrelated business income at December 31, 2013 and 2012. Accordingly, no provision for income taxes has been recorded. The income tax filings for the tax years before 2010 are no longer subject to examination by federal and state taxing authorities.

Cash and cash equivalents

For financial statement purposes, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Temporary cash investments held in the investment portfolio are excluded from cash and cash equivalents.

Cash restricted for payment of long-term debt

Per the terms of the Series 2007 Bond, which included a refinancing of Series 1999 debt, the Organization deposited \$1,056,089 at December 31, 2008 to an escrow fund in order to pay off the Series 1999 Bonds. This payment took place during January 2009. At December 31, 2013 and 2012, the balance of this escrow fund was \$30,000.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Bond refinance costs

The Series 2007 bond was refinanced in 2009. Loan costs of \$39,250 associated with the refinancing are being amortized over the initial five year term of the agreement.

Accounts receivable and revenue

Accounts receivable is recognized when qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget Circular A-133 and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grants or reductions of future grant awards. Based on prior experience, the Organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Organization.

Allowance for doubtful accounts

The Organization provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Organization's estimate is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change. At December 31, 2013 and 2012, accounts receivable are presented net of an allowance for doubtful accounts of \$6,805 and \$7,505, respectively.

Property, plant and equipment

Property, plant and equipment are recorded at cost, or in the case of donated assets, at fair market value on the date received. Any such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions over the useful life of the asset. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Major additions and improvements of \$1,000 or more are capitalized, while ordinary maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of assets sold or retired are removed from the accounts, and any gains or losses are reflected in the statement of activities.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	15-50 years
Furniture and equipment	5-10 years
Leasehold improvements	10 years
Vehicles	5 years

Investments

The Organization accounts for investments in accordance with FASB ASC 958-320 and subsections. This standard requires that investments with readily determinable values and all investments in debt securities are stated at their fair values in the statement of financial position. Investments without readily determinable fair values are stated at cost. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Periodically, management reviews investments for which the market value has fallen significantly below cost and recognizes impairment losses where they believe these declines are other-than-temporary.

Annuities

Certain gifts require that the Organization pay the donor a predetermined amount during the donor's lifetime. Such gifts are recorded as revenue when received and the present value of the future amount payable is credited to a liability account. Periodically, an adjustment is made to annuities payable to record the actuarial income or expense due to the computation of the liability based upon the revised life expectancies.

Contributions and grants

In accordance with the Not-for-Profit Entities Topic of the ASC 958-605 and subsections, contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor/grantor restrictions. Contributions and grants restricted for a specific purpose are reported as temporarily restricted support and are then reclassified to unrestricted net assets upon satisfaction of those restrictions. If the restrictions on contributions and grants are satisfied in the same fiscal period in which they are received, then management has elected to classify them as unrestricted for reporting purposes.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Donated materials and services

Donated materials and equipment are reflected in the accompanying statements at their estimated fair values at date of receipt. A substantial number of volunteers have donated significant amounts of time to the Organization's program services; however, the value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition.

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassification

Certain 2012 amounts have been reclassified to conform to 2013 classification. These reclassifications had no effect on the increase in net assets for 2012.

Note 3. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority.

Level 2 inputs consist of quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or observable inputs other than quoted market prices.

Level 3 inputs consist of inputs that are unobservable and significant to the fair value measurement and have the lowest priority.

The Organization uses appropriate valuation techniques based on available inputs to measure the fair value of its investments. An asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques must maximize the use of observable inputs and minimize the use of unobservable inputs.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

Note 4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

	<u>2013</u>	<u>2012</u>
Grants receivable	\$ 639,140	\$ 697,348
Fees for services	<u>193,747</u>	<u>259,884</u>
	832,887	957,232
Less allowance for uncollectible accounts	<u>(6,805)</u>	<u>(7,505)</u>
Total	<u>\$ 826,082</u>	<u>\$ 949,727</u>

Note 5. BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS

The Organization is the sole beneficiary of three funds that are established at the New Hampshire Charitable Foundation (NHCF). One of the funds was established in 2005. Income from the funds is to provide assistance to children attending Camp Spaulding and for capital improvements to the camp. The fund resolution provides that distributions from the funds can be made at the discretion of the NHCF Board of Directors. The Organization has received distributions from the funds over the last two years. Excess earnings, if any, are reinvested.

At December 31, 2013 and 2012, the fair market value of the funds, which approximates the present value of future benefits expected to be received, was \$823,141 and \$751,523, respectively. The Organization received \$28,983 and \$30,214 from the funds in 2013 and 2012, respectively.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 5. BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS (concluded)

In addition, the Organization has a split-interest in three charitable remainder trusts. The assets are held in trust by banks as permanent trustees of the trusts. The fair value of these beneficial interests is determined by applying the Organization's percentage interest to the fair value of the trust assets as reported by the trustee.

<u>Trust</u>	<u>Percentage Interest</u>	<u>2013</u>	<u>2012</u>
Greenleaf	100%	\$ 412,530	\$ 382,039
Spaulding	100%	358,793	329,237
Cogswell	50%	<u>278,411</u>	<u>274,056</u>
Total		<u>\$ 1,049,734</u>	<u>\$ 985,332</u>

In 2013 and 2012, income distributed by these trusts was \$39,498 and \$43,342, respectively.

Beneficial interest in funds held by others is reported at its fair value, which is estimated as the present value of expected future cash inflows on a recurring basis. As discussed in Note 3, the valuation technique used by the Organization is a Level 3 measure because there are no observable market transactions.

Changes in fair value of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are comprised of the following:

	<u>Beneficial Interest in Funds Held by Others</u>
Balance at December 31, 2011	\$ 1,646,125
Change in value of beneficial interest	<u>90,730</u>
Balance at December 31, 2012	1,736,855
Change in value of beneficial interest	<u>136,020</u>
Balance at December 31, 2013	<u>\$ 1,872,875</u>

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	<u>2013</u>	<u>2012</u>
Land	\$ 1,144,949	\$ 1,144,949
Buildings and improvements	8,620,212	8,540,136
Furniture and equipment	1,879,897	1,864,695
Vehicles	128,606	128,606
Leasehold improvements	66,783	66,783
Software	<u>168,608</u>	<u>168,608</u>
	12,009,055	11,913,777
Less accumulated depreciation	<u>(4,960,478)</u>	<u>(4,597,687)</u>
Property, plant and equipment, net	<u>\$ 7,048,577</u>	<u>\$ 7,316,090</u>

Note 7. INVESTMENTS

Investments consist of the following:

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Domestic equities	\$ 5,645,782	\$ 8,236,680	\$ 5,378,589	\$ 6,563,094
International equities	3,924,889	4,564,826	3,858,629	3,891,869
Fixed income securities	2,035,902	2,082,570	1,988,704	2,207,774
Inflation hedging	1,813,431	1,765,252	1,768,387	1,883,898
Cash and equivalents	<u>329,359</u>	<u>329,359</u>	<u>408,536</u>	<u>408,536</u>
Total	<u>\$ 13,749,363</u>	<u>\$ 16,978,687</u>	<u>\$ 13,402,845</u>	<u>\$ 14,955,171</u>

Under the terms of a line of credit agreement with a bank, the Organization has agreed not to pledge these assets as security on any other debt.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 7. INVESTMENTS (continued)

Investment return is summarized as follows:

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 396,458	\$ 310,652
Net realized and unrealized gain	<u>2,206,018</u>	<u>1,566,080</u>
Total investment gain	<u>\$ 2,602,476</u>	<u>\$ 1,876,732</u>

For the years ended December 31, 2013 and 2012, expenses relating to investment revenues, including management fees, amounted to \$86,474 and \$88,028, respectively, and have been netted against investment revenues in the accompanying statements of activities.

The Organization's policy is to avail itself of a Board approved percentage of investment income for operations with any remaining interest, dividends, or appreciation reinvested. The spending policy approved by the Board of Trustees for 2013 was 5% of the average fair market value of all investments over the previous twelve quarters. The income recognized was \$694,226 and \$856,719 at December 31, 2013 and 2012, respectively. Additional appropriation of income from Board designated funds were \$58,016 for management fees and \$294,956 for management fees and cash flow needs at December 31, 2013 and 2012, respectively. Appreciation on permanently restricted investments of \$66,758 and \$73,594 was released at December 31, 2013 and 2012, respectively. The total cash transferred to operations from investments during the years ended December 31, 2013 and 2012 was \$819,000 and \$1,176,075, respectively.

As discussed in Note 3 to these financial statements, the Organization is required to report its fair value measurements in one of three levels, which are based on the ability to observe in the marketplace the inputs to the Organization's valuation techniques. Level 1, the most observable level of inputs, is for investments measured at quoted prices in active markets for identical investments as of December 31, 2013. Level 2 is for investments measured using inputs such as quoted market prices for similar assets. Level 3 is for investments measured using inputs that are unobservable, and is used in situations for which there is little, if any, market activity for the investment.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 7. INVESTMENTS (concluded)

The following table sets forth by level, within the fair value hierarchy, the valuation techniques used to determine the fair value of the Foundation's marketable securities as follows:

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
December 31, 2013				
Value on a recurring basis				
Marketable securities				
Domestic equities	\$ 8,236,680	\$ 8,236,680	\$ -	\$ -
International equities	4,564,826	4,564,826	-	-
Fixed income securities	2,082,570	-	2,082,570	-
Inflation hedging	<u>1,765,252</u>	<u>1,765,252</u>	<u>-</u>	<u>-</u>
Total marketable securities	<u>\$ 16,649,328</u>	<u>\$ 14,566,758</u>	<u>\$ 2,082,570</u>	<u>\$ -</u>
December 31, 2012				
Value on a recurring basis				
Marketable securities				
Domestic equities	\$ 6,563,094	\$ 6,563,094	\$ -	\$ -
International equities	3,891,869	3,891,869	-	-
Fixed income securities	2,207,774	-	2,207,774	-
Inflation hedging	<u>1,883,898</u>	<u>1,883,898</u>	<u>-</u>	<u>-</u>
Total marketable securities	<u>\$ 14,546,635</u>	<u>\$ 12,338,861</u>	<u>\$ 2,207,774</u>	<u>\$ -</u>

Note 8. LINE OF CREDIT

The Organization has available a \$1,500,000 revolving line of credit agreement with Citizens Bank. The line of credit expires on June 30, 2014, unless extended. The line carries a variable rate of interest at the Wall Street Journal prime rate (3.25% at December 31, 2013), adjusted at each change in the index. At December 31, 2013, there was no balance due on the line of credit.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 9. LONG-TERM DEBT

	<u>2013</u>	<u>2012</u>
Obligation payable, original amount \$5,540,000, in monthly sinking fund installments, through January 1, 2038, plus fixed interest at 3.915% per annum paid to a counterparty to a swap agreement, plus variable rate interest paid to bondholders, minus variable rate interest received from the counterparty to a swap agreement. The debt is secured by the Organization's investments and gross receipts. In July 2009, the Organization converted this obligation to a bank purchase mode. Reference is made to Note 10.	\$ 4,960,000	\$ 5,075,000
Capital lease payable in monthly installments of \$1,573 including interest at 2.92%, through October 2014. The lease is for a phone system.	13,988	32,169
Note payable to the New Hampshire Housing and Finance Authority dated June 7, 2005. The face amount of the note is \$550,000, does not require the payment of interest and is due in 30 years. Accordingly, the note has been recorded at its present value with interest imputed at 6.0%. The note is secured by real estate located in Dover, New Hampshire.	161,785	152,628
Note payable to the New Hampshire Housing and Finance Authority dated May 22, 2007. The face amount of the note is \$700,000, does not require the payment of interest and is due in 30 years. Accordingly, the note has been recorded at its present value with interest imputed at 6.0%. The note is secured by real estate located in Manchester, New Hampshire.	<u>183,258</u>	<u>172,885</u>
Total	5,319,031	5,432,682
Less current maturities	<u>(128,988)</u>	<u>(133,093)</u>
Long-term debt	<u>\$ 5,190,043</u>	<u>\$ 5,299,589</u>

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 9. LONG-TERM DEBT (concluded)

Future maturities of long-term debt are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2014	\$ 128,988
2015	120,000
2016	130,000
2017	135,000
2018	140,000
Thereafter	<u>4,665,043</u>
Total	<u>\$ 5,319,031</u>

Note 10. SERIES 2007 REVENUE BONDS

During 2007, the New Hampshire Health and Education Facilities Authority (the "Authority") sold \$5,540,000 of its Revenue Bonds, Child and Family Services Issue, Series 2007, and loaned the proceeds of the bonds to the Organization to refund its Series 1999 Series Bonds and to finance certain improvements to the Organization's facilities. The Series 2007 Bonds were issued with a variable interest rate determined on a weekly basis. Prior to issuing the Bonds, the Organization entered into an interest rate swap agreement (the "Swap Agreement") with Citizens Bank of NH (the "Counterparty") for the life of the bond issue to hedge the interest rate risk associated with the Series 2007 Bonds. The interest rate swap agreement requires the Organization to pay the Counterparty a fixed rate of 3.915%; in exchange, the Counterparty will pay the Organization a variable rate on the notional amount based on the 67% of one-month LIBOR. Counterparty payments to the Organization were intended to offset Organization payments of variable rate interest to bond holders. Counterparty credit worthiness and market variability can impact the variable rates received and paid by the Organization, with the potential of increasing Organization interest payments. As a result, the cost of the interest rate swap for 2013 and 2012 is added to interest expense in the statement of functional expense. The bonds mature in 2038 and can be repaid at any time.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 10. SERIES 2007 REVENUE BONDS (concluded)

The Organization is required to include the fair value of the swap in the statement of financial position, and annual changes, if any, in the fair value of the swap in the statement of activities. For example, during the bond's 30-year holding period, the annually calculated value of the swap will be reported as an asset if interest rates increase above those in effect on the date of the swap was entered into (and as an unrealized gain in the statement of activities), which will generally be indicative that the net fixed rate the Organization is paying on the swap is below market expectations of rates during the remaining term of the swap. The swap will be reported as a liability (and as an unrealized loss in the statement of activities) if interest rates decrease below those in effect on the date the swap was entered into, which will generally be indicative that the net fixed rate the Organization is paying on the swap is above market expectations of rates during the remaining term of the swap. The annual accounting adjustments of value changes in the swap transaction are non-cash recognition requirements, the net effect of which will be zero at the end of the bond's 30-year term. At December 31, 2013 and 2012, the Organization recorded the swap liability position of approximately \$937,081 and \$1,558,953, respectively.

During 2009, there occurred a downgrading of the credit rating of the Counterparty to the letter of credit reimbursement agreement, which triggered a mandatory tender of the Series 2007 Bonds in whole and a temporary conversion of one-hundred percent of the principal amount to a bank purchase mode under the terms of said letter of credit reimbursement agreement. Since it became evident that the credit markets would not soon return to normalcy, the Organization elected to convert the Series 2007 Bonds from a weekly rate mode to a bank purchase mode. This new bank purchase mode created a rate period in which the Series 2007 Bonds bear interest at the tax adjusted bank purchase rate of 68 percent of the sum of the adjusted period LIBOR (30 day) rate and 325 basis points. The bank purchase mode commenced on July 31, 2009 and expires on July 31, 2014; however, the expiration date may be extended by the Counterparty and the Organization has the option to convert back to the weekly rate mode.

The Series 2007 Bond documents require the Organization to comply with certain financial covenants. As of December 31, 2013, the Organization was not in compliance with one of these covenants. The Organization has received a default waiver from the bank for 2013.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

Note 11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following specific program services:

	<u>2013</u>	<u>2012</u>
Deferred loan interest	\$ 904,952	\$ 924,488
Cumulative appreciation on permanently restricted net assets	582,272	404,623
Camp Spaulding	448,328	498,104
Camp Pavillion	290,427	298,676
Union Street	231,413	238,219
Child abuse prevention	154,658	96,432
Teen and youth	128,577	114,939
Teen center	91,839	101,673
Camp	49,194	52,483
Family counseling	42,438	29,455
Homecare	19,482	6,140
Child abuse treatment	<u>-</u>	<u>6,242</u>
Total	<u>\$ 2,943,580</u>	<u>\$ 2,771,474</u>

Note 12. PERMANENTLY RESTRICTED NET ASSETS

At December 31, 2013 and 2012, permanently restricted net assets of \$3,121,389 and \$2,745,329, respectively, are restricted to investments in perpetuity and for which income earned is expendable to support operations subject to certain restrictions. At December 31, 2013 and 2012, permanently restricted net assets include \$1,872,875 and \$1,736,855, respectively, in investments held in perpetual trusts.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

Note 13. LEASES

The Organization leases office and counseling space located in various New Hampshire communities.

Future minimum lease payments due under these leases are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2014	\$ 101,601
2015	82,707
2016	82,707
2017	16,217
2018	<u>3,621</u>
Total	<u>\$ 286,853</u>

For the years ended December 31, 2013 and 2012, rent expense in connection with these leases was \$123,341 and \$123,117, respectively. The Organization also leases office and counseling space in New Hampshire on a tenant-at-will basis.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 14. ENDOWMENT FUND ASSETS

The Not-for-Profit Entities Topic of the ASC intends to improve the quality of consistency of financial reporting of endowments held by not-for-profit organizations. This Topic provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of the Uniform Prudent Management Institutional Funds Act (UPMIFA). New Hampshire has adopted UPMIFA. The Topic also requires additional financial statement disclosures on endowments and related net assets.

The Organization has adopted an investment and spending policy to ensure a total return (income plus capital change) necessary to preserve and enhance the principal of the fund and at the same time, provide a dependable source of support for current operations and programs. The withdrawal from the fund in support of current operations is expected to remain a constant percentage of the total fund, adjusted for new gifts to the fund.

In recognition of the prudence required of fiduciaries, reasonable diversification is sought where possible. Experience has shown financial markets and inflation rates are cyclical, and therefore, control of volatility will be achieved through diversification of asset classes and selection of investment managers of diverse investment styles. Asset allocation parameters have been developed for various funds within the structure, based on investment objectives, liquidity needs, and time horizon for intended use.

The spending policy is 5% of the average total endowment value over the trailing 12 quarters with a 1% contingency margin. This includes interest and dividends paid out to the Organization.

Measurement of investment performance against policy objectives will be computed on a total return basis, net of management fees and transaction costs. Total return is defined as dividend or interest income plus realized and unrealized capital appreciation or depreciation at fair market value.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 14. ENDOWMENT FUND ASSETS (continued)

December 31, 2013	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investments, beginning of year	\$ 13,542,074	\$ 404,623	\$ 1,008,474	\$ 14,955,171
Investment return				
Investment income	359,232	37,226	-	396,458
Realized gain	394,834	40,923	-	435,757
Unrealized gain	<u>1,604,003</u>	<u>166,258</u>	<u>-</u>	<u>1,770,261</u>
Total investment return	2,358,069	244,407	-	2,602,476
Contribution	-	-	240,040	240,040
Appropriation of endowment assets:				
Spending rate	(694,226)	(66,758)	-	(760,984)
Additional from Board designated for fees	<u>(58,016)</u>	<u>-</u>	<u>-</u>	<u>(58,016)</u>
	<u>(752,242)</u>	<u>(66,758)</u>	<u>-</u>	<u>(819,000)</u>
Investments, end of year	<u>\$ 15,147,901</u>	<u>\$ 582,272</u>	<u>\$ 1,248,514</u>	<u>\$ 16,978,687</u>

Investment Net Asset Composition by Fund Type:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Undesignated	\$ 937,081	\$ -	\$ -	\$ 937,081
Board designated	14,210,820	-	-	14,210,820
Donor designated	<u>-</u>	<u>582,272</u>	<u>1,248,514</u>	<u>1,830,786</u>
Total	<u>\$ 15,147,901</u>	<u>\$ 582,272</u>	<u>\$ 1,248,514</u>	<u>\$ 16,978,687</u>

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 14. ENDOWMENT FUND ASSETS (continued)

December 31, 2012	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investments, beginning of year	\$ 12,984,428	\$ -	\$ 1,110,811	\$ 14,095,239
Investment return				
Investment income	284,371	26,281	-	310,652
Realized gain	93,735	8,663	-	102,398
Unrealized gain	<u>1,339,727</u>	<u>123,955</u>	<u>-</u>	<u>1,463,682</u>
Total investment return	1,717,833	158,899	-	1,876,732
Contribution	-	-	159,275	159,275
Appropriation of endowment assets:				
Spending rate	(783,125)	(73,594)	-	(856,719)
Additional from Board designated funds	<u>(294,956)</u>	<u>-</u>	<u>-</u>	<u>(294,956)</u>
	<u>(1,078,081)</u>	<u>(73,594)</u>	<u>-</u>	<u>(1,151,675)</u>
Release of restriction	<u>-</u>	<u>(24,400)</u>	<u>-</u>	<u>(24,400)</u>
Reclassification to comply with UPMIFA	<u>(82,106)</u>	<u>343,718</u>	<u>(261,612)</u>	<u>-</u>
Investments, end of year	<u>\$ 13,542,074</u>	<u>\$ 404,623</u>	<u>\$ 1,008,474</u>	<u>\$ 14,955,171</u>

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 14. ENDOWMENT FUND ASSETS (concluded)

Investment Net Asset Composition by Fund Type:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Undesignated	\$ 1,558,953	\$ -	\$ -	\$ 1,427,154
Board designated	11,983,121	-	-	12,114,920
Donor designated	-	404,623	1,008,474	1,413,097
Total	<u>\$ 13,542,074</u>	<u>\$ 404,623</u>	<u>\$ 1,008,474</u>	<u>\$ 14,955,171</u>

Note 15. PENSION PLAN

The Organization sponsored a defined contribution plan that covered all employees at day of hire and who were at least twenty-one years of age. A pre-tax voluntary contribution is permitted by employees up to limits imposed by the Internal Revenue Code and other limitations specified in the Plan. There were no contributions made to the plan by the Organization for the years ended December 31, 2013 and 2012.

Note 16. RISKS AND UNCERTAINTIES

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of checking and money market accounts in one financial institution. The Federal Deposit Insurance Corporation (FDIC) insures the balances up to \$250,000 at each bank. At times during the year, funds carried in the Organization's accounts exceed FDIC limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk related to uninsured funds.

CHILD AND FAMILY SERVICES OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

Note 16. RISKS AND UNCERTAINTIES (concluded)

The majority of the Organization's grants are received from agencies of the state of New Hampshire. As such, the Organization's ability to generate resources via grants is dependent upon the economic health of that area and of the state of New Hampshire. An economic downturn could cause a decrease in grants that coincides with an increase in demand for the Organization's services.

Note 17. PRIOR PERIOD ADJUSTMENT

Endowment funds have been reclassified to reflect cumulative appropriations at the Organization's Board approved spending rate. The effect of this reclassification increased temporarily restricted net assets by \$343,718, decreased permanently restricted net assets by \$261,612 and decreased unrestricted net assets by \$82,106.

Note 18. SUBSEQUENT EVENTS

Child and Family Services of New Hampshire have evaluated subsequent events through March 19, 2014, the date which the financial statements were available to be issued, and have not evaluated subsequent events after that date. No subsequent events were identified that would require disclosure in the financial statements for the year ended December 31, 2013.



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate
Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

G&C Approved

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

Date 6/5/13
Item # 102A

102A
50.6% Federal
47.4% General

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug and Alcohol Services, to exercise renewal options with vendors by increasing the price limitations by \$7,596,887 in aggregate from \$7,596,890 in aggregate to \$15,193,777 in aggregate for a continuum of substance abuse treatment services state-wide and extending the completion date from June 30, 2013 to June 30, 2014, effective July 1, 2013 or date of Governor and Council approval, whichever is later.

Summary of contracted amounts by vendor:

<u>Vendor</u>	<u>Amount</u>
Child and Family Services of New Hampshire	\$86,803
Concord Hospital, Inc.	\$74,406
Families First of the Greater Seacoast	\$28,922
Families in Transition	\$332,530
Greater Nashua Council on Alcoholism	\$1,356,945
Headrest, Inc.	\$251,450
Horizons Counseling Center, Inc.	\$189,576
Manchester Alcoholism Rehabilitation Center	\$1,120,599
The Mental Health Center of Greater Manchester, Inc.	\$27,114
Monadnock Family Services	\$97,819
Northern Human Services	\$199,025
Phoenix Houses of New England, Inc.	\$1,457,490
National Council on Alcoholism and Drug Dependence of Greater Manchester	\$432,468
Southeastern New Hampshire Alcohol and Drug Abuse Services	\$1,329,836
Tri-County Community Action Programs, Inc.	\$611,904
TOTAL	\$7,596,887

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
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Funds to support this request are anticipated to be available in the following accounts in SFY 2014 upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts within the price limitation and amend the related terms of the contracts without further approval from Governor and Executive Council.

05-95-49-491510-2989 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, GOVERNOR COMMISSION FUNDS (100% General Funds)

05-95-49-491510-2990 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, CLINICAL SERVICES (34.4% General 65.6% Federal)

Please see attachment for financial details

EXPLANATION

The requested action seeks approval of 15 of 17 agreements that represent \$7,596,887 of the \$7,741,314 total anticipated to be spent state-wide to provide a continuum of substance abuse treatment services via the accounting codes listed. These services include community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children. This request seeks to exercise the renewal option that exists within each of the vendor contracts. The Department anticipates that the remaining two agreements will be presented to Governor and Executive Council on June 19, 2013.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, these contracts will continue to allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 3 of 4

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

The vendors were originally selected for this agreement through a competitive bid process. This request covers services for the period July 1, 2013 to June 30, 2014, and anticipates exercising the option to renew for one additional year as provided all of the previous vendor contracts, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with the listed vendors in State Fiscal Year 2013 in the amount of \$7,741,314 in the aggregate. This agreement represents level funding of all vendors.

The following performance measures will be used to measure the effectiveness of the agreements:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for I intensive outpatient treatment services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 4 of 4

Contractors, with the exception of those agencies that only offer outpatient services, are required to develop the capacity for group recovery support aftercare services for a minimum of 25% of the number treatment clients (including outpatient and transitional living program clients) they are under contract to serve. Group recovery support aftercare services are services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Recovery Support Services include, but are not limited to, guidance in financial management, parenting, vocational training, life management and spiritual counseling as well as transportation and child-care. These group recovery support services are for clients discharged from substance use disorder treatment services provided under contract with the Bureau of Drug and Alcohol Services on behalf of the Department, which may include clients that had received SUD treatment from the Contractor or a different agency. Contractors are only allowed to access these services for their clients or clients that had received substance use disorder treatment from a different agency through the statewide care coordination program under agreement with the Bureau of Drug and Alcohol Services on behalf of the Department.

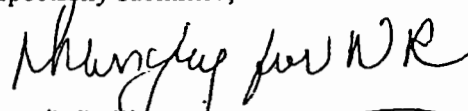
All treatment programs under contract with the Bureau of Drug and Alcohol Services on behalf of the Department are required to report on the National Outcome Measures (see attached) established by the Substance Abuse and Mental Health Services Administration, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the Electronic Health Record/Web Infrastructure Treatment System. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions. The Contractor is expected to meet or exceed these percentages as measured by the Electronic Health Record/Web Infrastructure Treatment System.

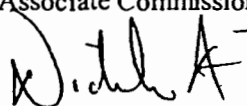
Area served: State-wide

Source of Funds: 52.6% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant and 47.4% General .

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

Respectfully submitted,


Nancy L. Rollins
Associate Commissioner

Approved by: 
Nicholas A. Toumpas
Commissioner



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

May 29, 2012

Approved by: GTC

Date: 6/20/12

Item No.: 103

Contract No.: 1024230

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug & Alcohol Services, to enter into an agreement with Child and Family Services of New Hampshire (Vendor #177166 B002), 464 Chestnut Street, Manchester, NH 03105, to provide for a continuum of substance abuse treatment services, in an amount not to exceed \$86,803.00 to be effective July 1, 2012 or date of Governor and Council approval, whichever is later, through June 30, 2013. Funds are available in the following accounts for State Fiscal Year 2013:

05-95-95-958410-5365 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, ALCOHOL AND OTHER TREATMENT

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95846501	\$39,925.00
			Subtotal	\$39,925.00

05-95-95-958410-1388 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT AND PREVENTION, GOVERNOR

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95848501	\$19,474.00
			Subtotal	\$19,474.00

05-95-95-958410-1387 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, TREATMENT-PREVENTION-STATE

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95841387	\$27,404.00
			Subtotal	\$27,404.00
			Total	\$86,803.00

EXPLANATION

The purpose of this agreement is to provide a continuum of substance abuse treatment services such as community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children, in the Manchester area.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, this contract will allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

Child and Family Services of New Hampshire was selected for this agreement through a competitive bid process. A Request for Proposals was posted on the Department's web site on March 6, 2012 through April 2, 2012. In addition, a bidder's conference was held on March 12, 2012.

A total of 19 proposals were received. A review committee of three professionals reviewed each proposal. All reviewers have between three to twenty years experience managing agreements with vendors for various public health programs. Areas of specific expertise include: maternal and child health; substance abuse prevention and treatment; chronic and communicable diseases; and public health infrastructure. Eighteen of the proposals were selected for funding based on review criteria that included availability of funds, consistency with stated funding priorities, technical score, and equitable geographic distribution. The agency that was not selected did not meet the minimum scoring criteria established for funding. The Bid Summary is attached.

This request covers services for the period July 1, 2012 to June 30, 2013, with an option to renew for one additional year, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with this agency in State Fiscal Year 2012 in the amount of \$86,803.00. This agreement represents level funding.

The following performance measures will be used to measure the effectiveness of the agreement:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services (OP)
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services (IOP) – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for IOP services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

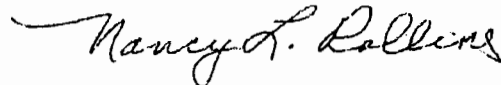
Area served: Manchester area.

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
May 29, 2012
Page 4 of 4

Source of Funds: 45.99% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant, 50.85% General Funds and 3.16% Other (Highway) Funds.

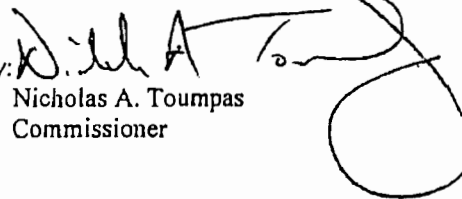
In the event that the Federal or Other Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner

NLR/ljp



**State of New Hampshire
Department of Health and Human Services
Amendment #2 to the Substance Use Disorder Treatment and Recovery Support Services
Contract**

This 2nd Amendment to the Substance Use Disorder Treatment and Recovery Support Services contract (hereinafter referred to as "Amendment 2") dated this 15th day of May 2014, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Concord Hospital, Inc. (hereinafter referred to as "the Contractor"), a non-profit corporation with a place of business at 250 Pleasant Street, Suite 5400, Concord, NH 03301.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on June 20, 2012, (item # 106) and amended by an agreement (Amendment #1 to the Contract) approved on June 5, 2013, (Item # 102A), 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, the State may amend the Contract by written agreement of the parties; and;

WHEREAS, the parties agree to extend the current contract by one year.

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:

- 1) Amend Form P-37, Block 1.6 to read:
 - a) 05-95-49-491510-29890000-102-500734
 - b) 05-95-49-491510-2990000-102-500734
- 2) Amend Form P-37, Block 1.7 to read June 30, 2015.
- 3) Amend Form P-37, Block 1.8 to read \$223,218
- 4) Delete Exhibit A and replace with Exhibit A Amendment #2
- 5) Delete Exhibit B and replace with Exhibit B Amendment #2

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

5/28/14
Date

[Signature]
NAME
TITLE Director

Concord Hospital, Inc.

5/21/2014
Date

[Signature]
NAME Robert P. Steigmeier
TITLE President & CEO

Acknowledgement
State of NH, County of Merrimack on 5/21/2014, 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]
Name and Title of Notary or Justice of the Peace



New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

OFFICE OF THE ATTORNEY GENERAL

6-2-14
Date

Rosemary Wiant
Name: *Rosemary Wiant*
Title: *Assistant Attorney General*

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:

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



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Scope of Services

A. Population Served

Services are available to New Hampshire residents who meet diagnostic, financial, and other eligibility criteria for Department of Health and Human Services supported substance use disorder services as defined in Section C, Clients Eligible for Treatment Services.

B. The Contractor shall provide treatment services as identified below:

Service Table - An "X" denotes that the Contractor shall provide that service(s) to eligible individuals in accordance with all applicable laws, rules, and regulations and terms and conditions of this Agreement.

Required Services	Treatment Services
X	Outpatient Treatment (ASAM Level 1) - Substance abuse treatment services provided in individual and group counseling sessions in a non-residential setting. Clients may be enrolled in outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Outpatient Treatment (ASAM Level 1) – Pregnant & Parenting Women – Outpatient Treatment as identified above provided to pregnant & parenting women.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – A combination of individual and group substance abuse treatment services conducted in an outpatient setting for a minimum of 3 hours of direct client treatment services per day for a minimum of three days per week. Clients receiving less than this level of service should be enrolled in an outpatient program. Clients may be enrolled in intensive outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – Pregnant & Parenting Women - Intensive Outpatient Treatment as identified above provided to pregnant & parenting women.
	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Residential substance abuse treatment services are designed to support individuals in the early stages of recovery that need this residential level of care and/or are homeless. The goal of these programs is to prepare clients to become self-sufficient in the community. Clients may be enrolled in low-intensity residential treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days. Residents typically work in the community and may pay a portion of their room and board.
	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Pregnant Women - Low-Intensity Residential Treatment as identified above provided to

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	pregnant & parenting women.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Short-term residential substance abuse treatment designed to assist individuals who require a more intensive level of service in a structured setting and/or individuals that may be homeless. Admission is on a voluntary basis. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Pregnant Women - High-Intensity Residential – Adult and Medium Intensity Residential – Adolescent as identified above provided to pregnant women.
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5) - Residential treatment services for pregnant and parenting women and their children. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Recovery Support Services: Group or individual services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Examples of recovery support services include, but are not limited to: assisting clients with enrollment in Medicaid, the New Hampshire Health Protection Program (NHHPP), or private insurance, anger management, financial management, communication skills, spiritual support, parenting skills, health management, case management, organization and time management, recovery coaching, recovery mentoring, stress management, and vocational services. Programs may focus on a single recovery support service or provide a curriculum that includes an array of recovery support services. Types of Recovery Support Services are listed below:
X	Continuous recovery monitoring services are regular follow-ups with clients to assess the status of the client's recovery, identify any needs the client may have and help the client to address those needs, and provide early intervention for client's who have relapsed or who's recovery is otherwise at risk.
	Enhanced Services are specialized services that remove barriers to a client's participation in treatment. Examples of these services are child care while a parent is participating in treatment or transportation to and/or from the treatment site.
X	Recovery Support Services as identified above provided to pregnant & parenting women.

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C. Required Services

Priority Admission:

- 1) The Contractor shall give admission preference to pregnant women and women with dependent children, even if the children are not in their custody, as long as parental rights have not been terminated, including the provision of interim services within the required 48 hour time frame.
- 2) Individuals with a history of injection drug use including the provision of interim services within 14 days.
- 3) Individuals with a primary diagnosis of a substance use disorder, which may also include a co-occurring mental health disorder.
- 4) Individuals on medication-assisted treatment for co-occurring substance abuse and mental health disorders or various opiate replacement therapies, including, but not limited to, methadone, buprenorphine and naltrexone.

Required Outreach:

New Hampshire Department of Health & Human Services (DHHS) programs receiving federal treatment Block Grant funds requires that Contractors must publicize services available to pregnant or parenting women and injection drug users in need of substance abuse treatment and that these individuals receive preference for admission to treatment. This may be done as follows, but is not limited to, street outreach programs, ongoing public service announcements (radio/television), regular advertisements in local/regional print media, posters placed in targeted areas, and frequent notification of availability of such treatment distributed to the network of community based organizations, health care providers and social service agencies. The Contractor will submit their outreach plans to DHHS through the Bureau of Drug and Alcohol Services (BDAS) within 60 days of contract effective date.

Health Facilities Administration Licensing Requirements:

Housing programs with substance abuse treatment services at the same location will need to secure necessary licensing as a Residential Rehabilitation Facility by the DHHS Bureau of Health Facilities Administration, as appropriate, see He-P 807 at the following link: (http://www.gencourt.state.nh.us/rules/state_agencies/he-p800.html). Any contractor with an American Society of Addiction Medicine (ASAM) (October 2013) Level 3.3 or higher level program must secure this licensing for all Level 3 programs housed within the same facility as the Level 3.3 program. In the case of residential treatment and housing at the same site, residential programs should plan to treat no more than 16 pregnant or parenting women at any given time to comply with federal Medicaid restrictions on Institute for Mental Diseases (IMD) exclusion criteria. This restriction would not apply to programs in which the client's residence is in a separate location from the treatment program.

Capacity Reporting:

The Contractor must contact BDAS, as agent for DHHS, when their capacity has reached 90% within 5 business days. The Contractor must refer pregnant women to the State when the Contractor has insufficient capacity to provide services to any such pregnant women who seek the services of the program. Sending e-mail to the BDAS Clinical Services Unit Administrator may complete this notification process.

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Access to Services:

The Contractor shall respond to calls requesting treatment and/or transitional living program services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within 2 business days following the day the call was received.

The Contractor is required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.

Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client should be referred to a DHHS funded provider where they are able to access interim services.

Contractors receiving grant funds from DHHS will not discriminate against clients who are using legitimate medications to assist their recovery and will not have policies that allow them to refuse admission to treatment or to discharge clients from treatment based on the use of appropriately prescribed medications and various opiate replacement therapies, including, but not limited to, methadone and buprenorphine, as well as other forms of medication-assisted treatment for co-occurring substance abuse and mental health disorders.

Clients Eligible for Treatment Services:

In order to be eligible for DHHS supported services, a client must meet all eligibility criteria described below. Eligibility determination shall be conducted as follows:

1. Substance Use Disorder, Financial Eligibility & Residency Screening: The contractor shall complete the eligibility screening module in the Web Information Technology System (WITS) to determine if the client meets residency, financial, and substance use disorder potential eligibility requirements:
 - a. Residency: The client must be a resident of New Hampshire or homeless in New Hampshire to be eligible for DHHS supported services; and
 - b. Financial Eligibility: The client's income must be below 400% of Federal Poverty Level (FPL) to be eligible for DHHS supported services based on the sliding fee scale described below. Once the screening has been completed, the contractor shall print the associated attestation and have the client sign this document. A copy of the signed attestation shall be maintained in the client file. The client's financial eligibility shall be reassessed no less than every 120 days.; and
 - c. Potential for a Substance Use Disorder: The client must screen positive for a potential substance use disorder to be eligible for DHHS funded services.
2. Evaluation: The contractor shall conduct a full substance abuse evaluation, which includes administration of either the Addiction Severity Index (ASI) in WITS or Global Appraisal of Individual Needs (GAIN).
 - a. Substance Use Disorder: This evaluation shall be used to determine if the client meets Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM5) criteria for a substance use disorder. Clients who meet DSM5 criteria for a substance use disorder are eligible for DHHS funded services. Client who do not meet these criteria are not eligible for DHHS funded services.

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- b. Level of Care: For clients who have met all other eligibility requirements, this evaluation shall be used to determine the appropriate level of care for the client based on ASAM (October 2013) criteria. The client is eligible for DHHS funded services at the assessed level of care unless such a level of care is unavailable or the client chooses to enter a lower level of care. If the assessed level of care is unavailable, the client may choose to enter the next higher level of care.
3. Medicaid/NHHPP Eligibility: The contractor shall determine whether or not the client is eligible for Medicaid/NHHPP coverage for the identified level of care. If the client is not eligible for Medicaid/NHHPP coverage for the identified level of care, the client may be eligible for DHHS funded services. If the client is eligible for Medicaid/NHHPP coverage for the identified level of care, the client is not eligible for DHHS funded services.
4. Insurance Coverage: The contractor shall determine whether or not the client has insurance that will cover services at the identified level of care. If the client does not have insurance that will reimburse for these services at a rate equal to or greater than the DHHS rate, the client is eligible for DHHS funded services. If the client has insurance that will reimburse for these services at an amount equal or greater to the DHHS reimbursement rate, the client is not eligible for DHHS funded services. The contractor may not charge the combination of the client, any 3rd party payor, and DHHS more than the maximum charge allowed. These parties shall be charged in the following order:
 - a. The maximum allowed charge will be billed to the client's insurer, if applicable.
 - b. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
 - c. The balance of the maximum allowed charge after deducting the client's portion and the insurance payment, if applicable, shall be charged to DHHS.

Sliding Fee Scale:

The contractor shall not charge the combination of the client, any 3rd party payor and BDAS an amount greater than the maximum rate allowed for each service. All reasonable efforts shall be made to collect payment of bills. A client's inability to pay shall not preclude admission to the program and treatment.

- Client Income is 0% - 138% of FPL: 100% of the allowed charge less any amount paid for by insurance.
- Client Income is 139% - 149% of FPL: 92% of the allowed charge less any amount paid for by insurance.
- Client Income is 150% - 199% of FPL: 88% of the allowed charge less any amount paid for by insurance.
- Client Income is 200% - 249% of FPL: 75% of the allowed charge less any amount paid for by insurance.
- Client Income is 250% - 299% of FPL: 60% of the allowed charge less any amount paid for by insurance.
- Client Income is 300% - 349% of FPL: 43% of the allowed charge less any amount paid for by insurance.
- Client Income is 350% - 399% of FPL: 33% of the allowed charge less any amount paid for by insurance.

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With respect to minority age individuals, a minor child shall not be denied services as a result of the parent's unwillingness to pay the fee or the minor child's decision to receive confidential services pursuant to RSA 318-B:12-a.

Waiting List Management:

When a person who is pregnant or an injection substance abuser seeks treatment and there are no appropriate treatment services available within the required time frame as outlined below, interim services **must** be made available. The Contractor agrees to maintain the wait list management system in WITS that includes a unique patient identifier and include information on dates of requests for admission to treatment, provision of interim services and source for those services, referrals made for treatment or interim services, and disposition of clients on the waiting list.

- The waiting list must contain a mechanism that identifies and counts the number of applicants who present and are determined to be appropriate for substance abuse treatment but are unable to be placed as there is no capacity;
- Maintain contact with individuals awaiting admission; and,
- Admit or transfer waiting list clients at the earliest possible time to an appropriate treatment program within a reasonable geographic area.

The Contractor shall remove a client awaiting treatment from the waiting list only when one of the following conditions exists:

- Such persons cannot be located for admission into treatment *or*
- Such persons refuse treatment.

Specific Interim Services for Pregnant Women, Women with Dependent Children and Injection Drug Users:

The Contractor agrees to contact the BDAS Clinical Services Unit if a pregnant women and women with dependent children or individuals with a history of injection drug use, cannot be accepted into treatment within specific time frames, and agrees that interim services will be provided or facilitated by the Contractor. Interim services for pregnant women must include counseling on the effects of alcohol and drug use on the fetus, referrals for prenatal care, and counseling and education about HIV and tuberculosis. Interim services for injection drug users must also include counseling and education in the risks of needle sharing, about the risks of transmission to sexual partners and infants, and referral for HIV, Hepatitis C and tuberculosis screening/testing. All interim services shall be documented in the client's clinical record in the WITS system.

Interim Services for other Clients:

The Contractor shall provide, or refer the client to, interim services until level of service identified in the level of care assessment is available and/or the client is willing and assessed as being sufficiently motivated to take advantage of the proposed level of service or interim services. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client shall be referred to a DHHS funded provider where they are able to access interim services.

Services to pregnant and parenting women:

The Contractor further agrees that childcare will be made available to women who are in treatment with their dependent children, either through on-site care or through arrangements with an off-site legal childcare provider. Other services required are as follows:

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- The family is treated as a unit and, therefore, admits both women and their children into treatment services, if appropriate.
- The Contractor shall provide or arrange for primary medical care for women who are receiving substance abuse services, including prenatal care.
- The Contractor shall provide or arrange for childcare while the women are receiving services even if the children are not in their custody, as long as parental rights have not been terminated.
- The Contractor shall provide or arrange for primary pediatric care for the women's children, including immunizations.
- The Contractor shall provide or arrange for gender-specific substance abuse treatment and other therapeutic interventions for women that may address issues of relationships, sexual abuse, physical abuse, and parenting, and childcare while the women are receiving these services.
- The Contractor shall provide or arrange for therapeutic interventions for children in custody of women in treatment, which may, among other things, address the children's developmental needs, their issues of sexual and physical abuse, and neglect.
- The Contractor shall provide or arrange for sufficient case management and transportation services to ensure that the women and their children have access to the services provided for above.
- If a pregnant, pregnant injection drug using or Injection Drug Using person refuses treatment or says (s)he is not interested in treatment, the wait list report shall be completed with the engagement activities attempted.
- If a pregnant, pregnant injection drug using or Injection Drug Using person no shows or cancels treatment, interim services must be provided, as stipulated above and the wait list report shall be completed that demonstrates the activities of follow up, engagement and substance abuse treatment services offered.

Relationship(s) with Primary Health Care:

The Contractor shall arrange and coordinate services and exchange of information with other health care providers and agencies which:

- Identifies the client's current Primary Care Provider (PCP) at screening and/or intake.
- If the client has no current PCP, the Contractor shall identify available provider(s) in the client's local area such as a federally qualified community health center, community health center, or other local health services.
- Obtains client/patient authorization to communicate with PCP office.
- If no authorization is completed initially, the Contractor shall educate client as to the importance of engaging the PCP in ongoing care and address the client's concerns as part of treatment, with goal of obtaining authorization before discharge.
- Sends the discharge summary to PCP and offers to discuss recovery issues with the provider.
- Arranges (or has the client arrange) a post-discharge appointment with PCP for the client/patient for follow-up of the substance use disorder.

Tobacco Cessation:

The Contractor shall have policies and procedures for both client and Contractor staff, that not only creates a tobacco-free environment as required by law, but to offer tobacco cessation tools and programming. Tobacco use, in and of itself, shall not be grounds for administrative discharge from the program. Initially, all clients shall be assessed for motivation in stopping the use of tobacco products. Providers may tap into resources such as the DPHS Tobacco Prevention & Control Program (TPCP) and

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the certified tobacco cessation counselors available through the QuitLine. Other resources for providers include:

Breathe New Hampshire
145 Hollis St., Unit C
Manchester, NH 03101
603-669-2411 (phone) or 1-800-835-8647

The New Hampshire Medicaid program covers:

- Nicotine Replacement Therapy (NRT) Gum,
 - NRT Patch,
 - NRT Nasal Spray,
 - NRT Lozenge,
 - NRT Inhaler,
 - Varenicline (Chantix),
 - Bupropion (Zyban),
 - Group Counseling and/or
 - Individual Counseling. Up to 12 individual counseling sessions are covered per year through a mental health provider (Note: These sessions would NOT be in addition to other mental health counseling sessions under Medicaid). Pregnant women also have the option of group counseling.
- For more information, visit the website at:
<http://www.dhhs.state.nh.us/DHHS/MEDICAIDPROGRAM/default.htm>

Tuberculosis:

The Contractor shall make available tuberculosis services (defined as screening, counseling, testing, and treatment) directly, or through other providers, to each client receiving treatment. In the case of an individual denied admission due to lack of capacity, the substance abuse treatment Contractor will refer the individual to another provider of tuberculosis services if appropriate. All Contractor providing residential services shall make available, either on-site or through agreements with health care providers, tuberculosis services, including screening, testing, counseling and referral for medical treatment.

Physical location and facilities:

For the purpose of providing the services described in Section II of the Scope of Services, the Contractor shall obtain and maintain a suitable space complying with all fire, health, and safety codes to include handicapped accessibility and being wheelchair accessible.

The Contractor shall obtain written prior approval of DHHS, acting through BDAS, before entering into any agreement concerning relocation of the service site.

Culturally and Linguistically Appropriate Standards of Care:

DHHS recognizes that culture and language have considerable impact on how consumers access services. Culturally and linguistically diverse populations experience barriers in efforts to access services. To ensure equal access to quality services, DHHS expects that Contractors shall provide culturally and linguistically appropriate services according to the following guidelines:

1. Assess the ethnic/cultural needs, resources and assets of their community.
2. Promote the knowledge and skills necessary for staff to work effectively with consumers with respect to their culturally and linguistically diverse environment.

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3. When feasible and appropriate, provide clients of Limited English Proficiency (LEP) with interpretation services. Persons of LEP are defined as those who do not speak English as their primary language and whose skills in listening to, speaking, or reading English are such that they are unable to adequately understand and participate in the care or in the services provided to them without language assistance.
4. The Contractor is responsible for reasonable accommodations in arranging for interpreter services for hearing impaired clients.
5. The Contractor offers consumers or clients a forum through which those individuals have the opportunity to provide feedback to the Contractor regarding cultural and linguistic issues that may deserve response.

Compliance with State and Federal Laws:

The Contractor is responsible for compliance with all relevant state and federal laws. Special attention is called to the following statutory responsibilities:

1. All services provided pursuant to this Contract shall be subject to the most current proposed or formalized rules and regulations promulgated by DHHS, pursuant to RSA 541-A.
2. The Contractor shall maintain adherence to federal and state confidentiality laws specifically: 42 CFR Part 2B, N.H. RSA 318 B:12 and N.H. RSA 172:8-A and the Health Insurance Portability and Accountability Act (HIPAA): <http://www.hhs.gov/ocr/privacy/>
3. The Contractor shall meet the standards outlined in NH Administrative Rule He-A 300, Certification and Operation of Alcohol and other Drug Disorder Treatment Programs. This administrative rule is currently expired and under revision. The Contractor should plan to meet the requirements as outlined in the expired rule until the revisions are completed. He-A 300 can be viewed on the RFP link to this document <http://www.dhhs.nh.gov/business/rfp/index.htm>.
4. The Contractor shall, upon the direction of the State, provide court-ordered evaluation in their catchment area and a sliding scale fee shall apply and the inability to pay shall not interfere with the completion and submission of the court-ordered evaluation and shall, upon the direction of the State, offer treatment to those individuals pursuant to RSA 172:13.
5. Contractors considering research, including research conducted by student interns, using individuals served by this contract as subjects must adhere to the legal requirements governing human subjects' research. Contractors must inform the DHHS via contact with BDAS prior to initiating any research involving subjects or participants related to this contract. In addition, research conducted on subjects served by this contract may need to be approved by the New Hampshire Department of Health & Human Services Committee for the Protection of Human Subjects (NH DHHS CPHS) see <http://www.dhhs.nh.gov/irb/>

Client Stabilization:

The Contractor will be expected to arrange for medical clearance for all clients receiving treatment services supported by DHHS administered by BDAS to assure that they are not at risk for acute withdrawal from alcohol and certain drugs. The Contractor shall be expected to provide a range of integrated services that include withdrawal management services that follow detoxification guidelines outlined in Treatment Improvement Protocol (TIP) #45, Detoxification and Substance Abuse Treatment and ASAM guidelines.

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Clinical Services:

The Contractor shall provide the following:

- a. A minimum of one (1) substance abuse counselor on site each day of the week during primary treatment hours. The substance abuse counselor shall have a bachelor's degree or equivalent in social work/psychology, guidance or nursing and/or a certificate in the field of addiction studies from an approved educational institution or educational/life experience.
- b. A minimum of one (1) substance abuse support staff on site each day of the week during all hours not covered by a substance abuse counselor. The substance abuse support staff must have a high school or General Equivalency Diploma (GED). Preference is given to individuals who have completed additional courses or taken training in substance use disorders or other health fields.
- c. An intake/admission coordinator on site Monday through Friday of each week. The intake/admission coordinator shall have one (1) years' work experience in the field of addiction studies.
- d. A full-time Executive Director, not filling any of the positions described above.

Evaluation:

The contractor shall conduct a full substance abuse evaluation, which includes administration of either the ASI or GAIN to determine eligibility for services. This evaluation must be updated every 120 days or when the client transitions to a different level of care.

Assessment of Risk for Self-Harm/Suicide: The Contractor shall have policies and practices for assessing risk of self-harm at all phases of treatment, such as at initial contact, during screening, intake, admission, on-going treatment services and at discharge, and a process for referral when necessary to include referrals to mental health services.

The Contractor shall develop policies, programs and protocols in accordance with SAMHSA guidelines as outlined in the Treatment Improvement Protocols (TIPs) and Technical Assistance Publications (TAPs). These publications can be downloaded from <http://www.kap.samhsa.gov/products/manuals/index.htm>.

Use of Best Practices: The Contractor is required to use the Addiction Severity Index (ASI) or Global Appraisal of Individual Needs (GAIN) assessment tools, the SAMHSA/NIDA MATRS treatment-planning model and the WITS electronic case management system.

Care Coordination:

The Contractor is required to assess each client's need/appropriateness for residential transitional living services and to **refer all clients for care coordination services** made available through the Access to Recovery (ATR) initiative administered by the BDAS so long as this initiative remains available on behalf of DHHS that would commence following the initial course of treatment. Contractors are required to address motivational issues with clients for them to participate effectively in the care coordination and recovery support services. Contractors are required to have clients sign the "ATR Client Participation Agreement" (made available by BDAS), indicating that they either agree or opt out of participating in these services. The contractor will facilitate all clients who agree to participate in these services to complete the Client Participation Agreement and upon obtaining a signed release of information, refer clients to an ATR Care Coordinator Program at least two weeks prior to anticipated date of discharge (dis-enrollment) from services. Assessing the need for aftercare services is expected to take place while

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the client is involved within the most recent episode of care, with a referral being made and accepted by the care coordination service prior to the client being discharged.

The Contractor must provide the following for use by the care coordination program:

- Private space for interviewing/meeting with clients.
- Access to internet (either wired or wireless) in the meeting space
- Telephone in the meeting space and
- A contact person at the Contractor's site for logistics.

It is the expectation of the BDAS at DHHS that, upon completion of appropriate signed releases, the Contractor will provide the care coordination program with necessary information from the clinical record (evaluation, treatment plan, progress notes, etc.) for the care coordination program to develop a service plan with the client.

All alcohol and other drug treatment providers under contract with the BDAS on behalf of DHHS are required to address with all clients, the need for continuing services. This includes clinically managed low-intensity treatment programs under contract with the BDAS on behalf of DHHS as well as care coordination and recovery support services made available through DHHS contracted providers; the ATR initiative administered by BDAS, so long as this initiative remains available; and/or any other resources that become available to pay for these services that would commence following the initial course of treatment. The referral for these services should take place prior to discharge from the initial course of treatment.

Relevant Policies and Guidelines:

The services provided for in this agreement shall be in addition to the services provided for in any other agreement between the State of New Hampshire, any of its agencies, or any of its officers, and the Contractor.

Without limiting the generality of any other provisions of this agreement, the Contractor shall cooperate fully with, and answer all questions of representatives of the State conducting any periodic or special review of the performance of the Contractor or any inspection of the facilities of the Contractor.

Publications Funded Under Contract:

All products produced under this contract are in the public domain. All products (written, video, audio) produced, reproduced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution, or use. The Contract shall credit DHHS on all materials produced under this contract.

Student Internships:

The Contractor shall establish policies and procedures related to student interns that address minimum coursework, experience and core competencies for those interns having direct contact with individuals served by this contract. Student interns shall complete an approved ethics course prior to beginning the internship.

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Staff Licensing Requirements:

The ratio of licensed to non-licensed service providers shall be as follows:

Agencies must have at least one Licensed, or Masters Licensed, Alcohol and Drug Counselor (LADC/MLADC) for each two unlicensed counselors providing substance abuse treatment services and a sufficient number of MLADCs or LADCs with the Licensed Clinical Supervision (LCS) credential to adequately provide for clinical supervision of all clinical staff. This requirement shall be met by the Contractor no later than six (6) months after the date of the Contract effective date.

Updated resumes, which clearly indicate the staff member is employed by the Contractor, including current positions of staff supported by funds provided through this Contract, shall be forwarded to the BDAS as agent for DHHS. The documentation shall include a copy of the New Hampshire Alcohol and Drug Counselor License.

Staff Certification Requirements:

In addition to the requirements for LADCs, all Contractor milieu staff in residential settings and transitional living programs and staff providing recovery support aftercare group services shall be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification under RSA 330-C (<http://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XXX-330-C.htm>). Certification must be completed within six (6) months of the contract's approval date.

Staff providing recovery support services are expected to be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification. Peer recovery support services made available through Recovery Community Organizations (RCOs), under agreement with BDAS on behalf of DHHS, shall be provided by individuals certified by those organizations (CRSW not required for peer recovery support services).

Supervision:

Ongoing clinical supervision will include weekly discussion of cases with suggestions for resources or therapeutic approaches, co-therapy, and periodic assessment of progress. When enough candidates are under supervision, group supervision may be included to help optimize the learning experience.

The content of supervision must include knowledge, skills, values, and ethics with specific application to the practice issues faced by the supervisee, including the core functions as described in the Twelve Core Functions of Alcohol and Drug Counseling.

The content of supervision must also include the standards of practice and ethical conduct, with particular emphasis given to the counselor's role and appropriate responsibilities, professional boundaries, and power dynamics.

Staffing Changes:

BDAS as agent for DHHS shall be notified of changes in key personnel with updated resumes that clearly indicate the staff member is employed by the Contractor submitted within five (5) working days. Key personnel are those staff for whom at least 10% of their work time is spent providing alcohol or other drug abuse treatment services.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

1. New Hires: The Contractor shall notify BDAS on behalf of DHHS in writing within one month of hire when a new administrator or coordinator or any staff person essential to carrying out this scope of services is hired to work in the program. A resume of the employee, which clearly indicates the staff member is employed by the Contractor, shall accompany this notification.

2. Vacancies: The Contractor shall notify BDAS on behalf of DHHS in writing within 14 calendar days, if at any time, any site funded under this agreement does not have adequate staffing to perform all required services for more than one month.

Other Requirements:

The Contractor shall attend trainings and/or meetings as requested by DHHS.

ATR and Recovery Support Services:

All DHHS funded treatment and recovery support service providers must also be approved Access to Recovery (ATR) providers, so long as the ATR initiative remains available, as this will be the source of funding for these recovery support services through the Voucher Management System (VMS). Information on becoming an ATR provider can be found on the DHHS website: <http://www.dhhs.nh.gov/dcbcs/bdas atr/becomingprovider.htm>

Regional Network Participation:

The Contractor will designate administrative level staff to regularly participate in the Regional Network and contribute to overall regional network strategic planning, monitoring, evaluation, and cross systems communication efforts. The Contractor is highly encouraged to serve on one of the work groups and contribute to data collection, regional strategic planning and evaluation. Participation will be measured by the annual Partner Survey (<http://www.partnertool.net/>) administered by NH Center for Excellence under contract with BDAS as agent for DHHS.

Performance Measures:

All treatment programs under contract with BDAS on behalf of DHHS are required to report on the National Outcome Measures (NOMs) established by the SAMHSA, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the WITS (electronic case management) system. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions.

Data and Reporting Requirements:

1. Without limiting the generality of any other provisions of this agreement, the Contractor shall provide any periodic or special reports required by the DHHS.
2. The Contractor shall notify BDAS, as an authorized agent of DHHS, whenever the Contractor has reached ninety percent capacity to admit new clients. In addition the Contractor shall have a waiting list management policy in accordance with the SAPT Block Grant requirements. This 90% notification process will become automatic when this operation is fully functional in WITS.
3. The Contractor shall notify DHHS through BDAS, within one working day, if sufficient capacity is not available to provide treatment services to a pregnant woman, parenting woman or injection drug user within the required time frames and a referral elsewhere is not successful and interim services cannot be provided.

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4. The Contractor shall comply with all research and/or information systems development activities for the electronic case management/Web Information Technology System (CM/WITS) conducted by, or authorized by, DHHS.
5. The Contractor shall administer any client surveys, client evaluations including the addiction Severity Index (ASI) or the Global Appraisal of Individual Needs (GAIN), client treatment outcome instruments, the M.A.T.R.S. Treatment Planning Tool, as required by DHHS.
6. The Contractor must have the ability to communicate and submit required reports via the Web-based submission system and/or e-mail, for treatment and recovery support services and interim services. All required clinical and documentation activities shall be entered in WITS unless specifically granted an exception by BDAS on behalf of DHHS.

Critical Incident/Sentinel Event Reporting:

The Department's Sentinel Event policy is contained in the following link:
<http://www.dhhs.nh.gov/dcbcs/sentinel.htm>

Division of Community Based Care Services (DCBCS) Sentinel Event Notification:

The preceding events require the immediate verbal notification to the BDAS Assistant Administrator or Clinical Services Unit Administrator upon the discovery of a sentinel event involving an individual(s) receiving services through a DHHS substance use disorder treatment Contractor.

Since the initial and immediate verbal notification of a sentinel event is likely to include protected health information (PHI) as identified below, the Contractor of services to individuals receiving services funded by the DHHS shall disclose PHI in a private and secure manner. Contractors and vendors should not leave voice-mail messages, but instead make direct telephone contact with the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee. If direct telephone contact is not possible, a voice mail message may be left without protected health information, such as medications and relevant medical and psychiatric diagnoses. As soon as possible after the initial verbal notification, the Contractor will mail or fax a completed *Sentinel Event Reporting Form* as directed in this protocol.

Notification shall include the following:

1. Name and phone number of the individual reporting.
2. Name, date of birth (DOB), medications and all relevant medical and psychiatric diagnoses of individual(s) involved;
3. Location, date, and time of event;
4. Description of the event including what, when, where, how, and other relevant information and identification of any other individuals involved;
5. Legal status of the individual involved with regard to guardianship and power of attorney;
6. Community, guardian, family and/or families' knowledge of the event; and
7. Contractor contact person and contact information.

It shall be the responsibility of the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee to notify the DCBCS Quality Improvement Director by e-mail as soon as the BDAS Clinical Administrator or designee becomes aware a Sentinel Event has occurred. The DCBCS Quality Improvement Director shall make immediate notification to the Commissioner. Internal e-mails within the Department may contain PHI and all Department employees will utilize safeguards to ensure the privacy

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of the PHI as stated in the DHHS General Manual Health Insurance Portability and Accountability Act (HIPAA) policy #504.

Each DCBCS contractor recognizes its responsibility to report evidence of neglect, abuse or exploitation to the appropriate regulatory agencies as required by RSA 161-F: 42-57 and RSA 169-C:29. In any case of known or suspected neglect, abuse or exploitation, the Contractor aware of the situation shall follow all applicable rules relative to individual rights protection procedures.

Written follow up information is to be forwarded by the reporting Contractor to the appropriate BDAS Administrator listed below within 72 hours by completing the *Sentinel Event Reporting Form*. To protect clients' confidential information, reporting Contractors should submit the *Sentinel Event Reporting Form* either by fax to the BDAS Assistant Administrator or the BDAS Clinical Services Unit Administrator by a mail service that provides delivery confirmation.

Bureau of Drug and Alcohol Services
Assistant Administrator
105 Pleasant Street
Concord, NH 03301
Or by fax to the BDAS Administrator's Office at 271-6105;

Follow-up information is the responsibility of the Contractor and should be submitted in a way as to protect clients' confidential information such as by mail with delivery confirmation and should include:

1. The *Sentinel Event Reporting Form*(www.dhhs.nh.gov/dcbcs/documents/sentinelform.pdf);
2. Additional details as they are learned or if the status of the situation changes; and,
3. Copies of newspaper articles.

Additionally, DHHS requires critical incident reporting. The Contractor shall report all critical incidents/sentinel events to the BDAS Clinical Services Unit Administrator immediately via telephone. Every effort shall be made to reach the BDAS administrator directly. If a voice message is necessary, sufficient provider contact information shall be provided so that DHHS is able to reach the reporter, or other responsible staff, immediately.

A critical incident includes, but is not limited to, any child or adult protective services report to the Division of Children, Youth and Families (DCYF), or the Bureau of Elderly and Adult Services (BEAS), respectively, regarding any incident involving 1) a staff/employee to youth or client, 2) youth to youth, or 3) client to client. This includes incidents that occur while a client is on leave, or on a pass, from the Contractor and may be off site at the time the incident occurred.

A sentinel event is an unexpected occurrence involving the death or serious physical or psychological injury, or risk thereof, signaling the need for immediate investigation and response.

Death or any serious injury or medical emergency regarding staff or clients that requires emergency medical attention (EMT or other emergency personnel at the Contractor's site, or a hospital emergency room visit), or any crime reportable to law enforcement, or any other serious incident must also be reported to DHHS as described below.

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Reportable sentinel events include, but are not limited to, any occurrence that meets any of the following criteria:

1. An unanticipated death or permanent loss of function, not related to the natural course of an individual's illness or underlying condition.
2. Homicide or suicide of any individual receiving DHHS funded care, treatment or services, that had been discharged from a Department funded program or facility within 30 days of the event, or has been evaluated by a service Contractor within the preceding 30 days;
3. Sexual assault or rape of any individual receiving DHHS funded care, treatment or services by another client or employee of any Department funded program or facility where there is an act that was witnessed or there is sufficient clinical evidence obtained by the Contractor to support allegation of nonconsensual sexual contact.
4. Unauthorized departure of an individual receiving DHHS funded services, from a facility providing care, resulting in death or permanent loss of function.
5. Medication error that results in death, paralysis, coma, or other permanent loss of function.
6. Delay or failure to provide DHHS funded Contractor services that result in death or permanent loss of function.
7. Abuse as a result of the willful infliction of injury, unreasonable confinement, intimidation, or punishment with resulting physical harm, or mental anguish. This includes staff neglect or indifference to infliction of injury or intimidation of one individual by another.
8. Neglect as a result of the failure to provide the goods and services necessary to avoid physical harm, mental anguish or mental illness.
9. Assault of or by a client of the Contractor that results in the injury of the person or another person of such severity that medical attention is required.
10. Arson resulting in property loss.
11. High profile events, which may include media coverage and/or police involvement.

On-Site Reviews:

1. The Contractor shall allow a team or person authorized by DHHS to periodically review the Contractor's systems of governance, administration, data collection and submission, clinical, and financial management in order to assure systems are adequate to provide the contracted services.
2. Reviews shall include, but not be limited to, client record reviews to measure compliance with this exhibit.
3. The Contractor shall make corrective actions as advised by the review team if contracted services are not found to be provided in accordance with this exhibit.
4. DHHS staff shall contact the Contractor in advance of the site visit, so that the Contractor shall have sufficient time to prepare any guidance/reporting systems or logs that will be reviewed at the site visit.

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Exhibit B Amendment #2

Method and Conditions Precedent to Payment

The State shall pay the Contractor an amount not to exceed the Price Limitation, block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services, and in accordance with Exhibit B.

Funding for this Agreement is funded by various sources as a percentage of the total amount of \$74,406 as follows:

- 46 % Federal Funds from the Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant (CFDA #93.959);
- 22 % General Governor's Commission on Alcohol and Drug Abuse Prevention, Intervention and Treatment Funds; and
- 32 % General funds.

I. Payment Methodology

The Contractor shall be reimbursed for providing and delivering the services listed in Exhibit A, paragraph B. The following terms and conditions detailed in this Exhibit B shall apply to all services unless expressly stated otherwise.

The Contractor shall agree to use and apply all contract funds from the State for costs and expenses as detailed in the Service Reimbursement Table below. Allowable costs and expenses shall be determined by the State in accordance with applicable state and federal laws and regulations. Starting in State Fiscal Year 2015 (effective July 1, 2014) the contractor will receive a payment for each service at the rates and within the limits described below. For clients receiving DHHS supported services, the contractor may not charge the client, any 3rd party payor, and DHHS a combined rate that is more than the rate established by BDAS for that level of service or any other fees. These parties shall be charged in the following order:

1. The maximum allowed charge will be billed to the client's insurer, if applicable.
2. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
3. The balance of the maximum allowed charge, after deducting the client's portion and insurance payment, if applicable, shall be charged to DHHS.

Service Reimbursement Table - A check mark indicates the services and corresponding rates the Contractor will be reimbursed for.

Check mark indicates applicable service	Service	DHHS Established Rate	Service Limit
X	Evaluation	\$225	1 every 90 days
X	Outpatient – Individual	\$18.75/unit***	\$190 of combined individual & group/week
X	Outpatient – Group	\$5.00/unit	
X	Intensive Outpatient*	\$80.00/day	\$320 (4 days)/week
	Low-Intensity Residential – Adult	\$100.00/day	\$700 (7 days) /week

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	Low-Intensity Residential – Adolescent	\$128.00/day	\$896 (7 days) /week
	High-Intensity Residential – Adult	\$130.00/day	\$910 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Room & Board Only	\$66.00/day	\$462 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Clinical Services	\$162.60/day	\$1138.20 (7 days) /week
	Medium Intensity Residential – Adolescent	\$170.00/day	\$1190 (7 days) /week
	Recovery Support Services		
X	Individual	\$15.00/unit	\$160 of combined individual & group/week
X	Group	\$5.00/unit	
X	Continuous Recovery Monitoring – Attempted**	\$15.00/contact	\$60 of combined attempted and completed/month for the first 6 months post discharge
X	Continuous Recovery Monitoring – Completed	\$15.00/contact	
	Enhanced Services	Varied	

* Providers may bill the per diem rate for Intensive Outpatient Treatment services only on those days when the client attends individual and/or group counseling associated with the program. It is expected that each day of attendance includes a minimum of 3 hours of group and/or individual counseling services.

**Attempted Contact is at least 3 attempts to contact a client over the course of at least one week.

*** A unit is equal to 15 minutes of service

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. Failure to meet this requirement may result in amendment to or termination of the contract. At a minimum, contractors must provide the array of services they contracted to provide for in SFY14.

1. Performance Incentives:

A. Access to Services:

Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received and shall conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact. For each client who screens eligible for

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services and starts receiving services, whether for the identified level of care or interim services, within 10 business days following the eligibility screening, the treatment contractor will receive an incentive payment of \$75.00. Access incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

B. Completion:

For each client who is discharged from the program because they have completed treatment or transferred to another treatment provider as recorded in the Discharge Type field of the WITS Discharge Module, the treatment contractor will receive an incentive payment of \$75.00. Completion incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

C. Client Outcomes:

If a client who was discharged from the program meets at least 3 of the Outcome criteria below in the 3rd and/or 6th month post-discharge, as evidenced by the WITS Follow-Up module, the treatment contractor will receive an incentive payment in the amount of \$50. The 3rd month post discharge is considered to be 60 – 120 days post discharge. The 6th month post discharge is considered to be 150 – 210 days post discharge. Outcomes incentives will be calculated and paid on a monthly basis for clients meeting criteria in the previous calendar month. It is expected that at least 50% of discharged clients will be contacted for 3 and/or 6 month follow-up over the contract year.

- i. Abstinence: The client reports reduced or no substance use in the past 30 days.
- ii. Employment/Education: The client reports increased or retained employment or the client reports returning to or staying in school.
- iii. Crime and Criminal Justice: The client reports no arrests in the past 30 days.
- iv. Stability in Housing: The client reports being in stable housing.
- v. Social Connectedness: The client reports engagement in Recovery Support Services, Care Coordination, and/or Community Based Support Groups in the past 30 days.

D. Performance Incentive Payout Limits:

Performance incentives are limited to no more than 6% of the total contract amount annually. The total amount paid out during the contract year will never exceed the total contract amount. DHHS is not obligated to make payment for any incentives that occur outside of the current contract year; however, incentives may be carried over to future contract years at the discretion of DHHS.

2. Failure to Meet Deliverables:

The Contractor shall comply with all contract requirements as detailed in Exhibit A section B, Required Services. Upon determination that Contractor may not be meeting the required deliverables, within two (2) weeks BDAS will provide a written correction action plan. Within two (2) weeks of notification of the corrective action plan, Contractor will provide a written remedial plan. BDAS will monitor the corrective actions for 60 days. Failure to meet requirements of the corrective action plan within 60 days may result in withholding of any or all payments or termination of the contract.

3. Invoicing & Billing:

All billing shall be completed via the WITS system according to protocols established by BDAS.

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Exhibit B Amendment #2

The Contractor shall have written authorization from the State prior to using contract funds to purchase or lease any equipment with a cost in excess of two thousand five hundred dollars (\$2500) and with a useful life beyond one year.

II. Allocation of Funding:

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. The contractor is prohibited from spending down more than the sum of the total contract amount that includes the cost of the client services and related incentives.

III. Availability of Alternative Funding:

The New Hampshire Department of Health and Human Services may terminate or amend the contract should alternate third party payors, including Medicaid, the New Hampshire Health Protection Program and/or insurance available on the New Hampshire Insurance Exchange cover any of the services included in this contract.

IV. Limitations and restrictions of federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds:

The Contractor agrees to use the SAPT funds as the payment of last resort.

Restrictions on SAPT Block Grant on State and Contractor expenditures include:

The State may not:

- Provide inpatient hospital services except under those conditions outlined in the regulations.
- Make cash payments to intended recipients of substance abuse services.
- Purchase or improve land.
- Purchase, construct, or permanently improve buildings or other facilities.
- Purchase major medical equipment.
- Satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds. (in-kind)
- Provide financial assistance to any entity other than a public or non-profit private entity.
- Provide individuals with hypodermic needles or syringes.
- Expend more than the amount of Block Grant funds expended in FFY91 for treatment services provided in penal or correctional institutions of the State.

The Contractor shall not:

- Use any federal funds provided under this contract for the purpose of conducting testing for the etiologic agent for Human Immunodeficiency Virus (HIV) unless such testing is accompanied by appropriate pre and post-test counseling.
- Use any federal funds provided under this contract for the purpose of conducting any form of needle exchange, free needle programs or the distribution of bleach for the cleaning of needles for intravenous drug abusers.

V. Charitable Choice:



Exhibit B Amendment #2

Federal Charitable Choice statutory provisions ensure that religious organizations are able to equally compete for Federal substance abuse funding administered by SAMHSA, without impairing the religious character of such organizations and without diminishing the religious freedom of SAMHSA beneficiaries (see 42 USC 300x-65 and 42 CFR Part 54 and Part 54a, 45 CFR Part 96, Charitable Choice Provisions and Regulations). Charitable Choice statutory provisions of the Public Health Service Act enacted by Congress in 2000 are applicable to the SAPT Block Grant program. No funds provided directly from SAMHSA or the relevant State or local government to organizations participating in applicable programs may be expended for inherently religious activities, such as worship, religious instruction, or proselytization. If an organization conducts such activities, it must offer them separately, in time or location, from the programs or services for which it receives funds directly from SAMHSA or the relevant State or local government under any applicable program, and participation must be voluntary for the program beneficiaries.

- VI. Notwithstanding paragraph 18 of the General Provisions of this Agreement P-37, an amendment limited to adjusting amounts within the budgets and within the price limitation, can be made by written agreement of both parties and may be made without obtaining approval of Governor and Executive Council.

The remainder of this page is intentionally left blank.

State of New Hampshire

Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that Concord Hospital, Inc. is a New Hampshire nonprofit corporation formed January 29, 1985. 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 4th day of April A.D. 2014

A handwritten signature in cursive script, reading "William M. Gardner".

William M. Gardner
Secretary of State

CERTIFICATE

I, Mary Boucher, Secretary of Concord Hospital, Inc. do hereby certify:

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

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

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

Robert P. Steigmeyer, President
Bruce R. Burns, Chief Financial Officer

IN WITNESS WHEREOF, I have hereunto set my hand as the Secretary of the Corporation this 21 day of May, 2014.

(Corporate seal)

Mary Boucher
Secretary

State of NH, County of Merrimack

On this the 21st day of May, 2014, before me, Mary Boucher, the undersigned

officer, personally appeared Mary Boucher, who acknowledged her/himself to be the

secretary of Concord Hospital Inc. a corporation, and that such

secretary being authorized to do so, executed the foregoing instrument for the purposes

of being by signing the name of the corporation by her/himself as Mary Boucher.

IN WITNESS WHEREOF I hereunto set my hand and official seal.



Christina Decato
Notary Public/Justice of the Peace

My Commission expires: April 18, 2017



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
03/03/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER MARSH USA, INC. 99 HIGH STREET BOSTON, MA 02110 Attn: Boston.certrequest@marsh.com 319078-CHS-gener-14-15	CONTACT NAME: PHONE (A/C, No, Ext): E-MAIL ADDRESS: INSURER(S) AFFORDING COVERAGE INSURER A : Granite Shield Insurance Exchange INSURER B : INSURER C : INSURER D : INSURER E : INSURER F :	FAX (A/C, No): NAIC #

COVERAGES **CERTIFICATE NUMBER:** NYC-006813023-01 **REVISION NUMBER:** 5

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PRO-JECT ☐ LOC			GSIE-PRIM-2014-101	01/01/2014	01/01/2015	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ 12,000,000 PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☐ HIRED AUTOS ☐ SCHEDULED AUTOS ☐ NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB EXCESS LIAB ☐ DED ☐ RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A				WC STATUTORY LIMITS ☐ OTHER ☐ E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Professional Liability			GSIE-PRIM-2014-101	01/01/2014	01/01/2015	SEE ABOVE

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

EVIDENCE OF CURRENT LIABILITY COVERAGE.

GENERAL LIABILITY AND PROFESSIONAL LIABILITY SHARE A COMBINED LIMIT OF 2,000,000/12,000,000. HOSPITAL PROFESSIONAL LIABILITY RETRO ACTIVE-DATE 6/24/1985. EACH OCCURRENCE AND AGGREGATE LIMITS ARE SHARED AMONGST THE GRANITE SHIELD EXCHANGE HOSPITALS.

CERTIFICATE HOLDER

DEPARTMENT OF HEALTH & HUMAN SERVICES
CONTRACTS AND PROCUREMENT UNIT
129 PLEASANT STREET
CONCORD, NH 03301

CANCELLATION

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

AUTHORIZED REPRESENTATIVE
of Marsh USA Inc.

Susan Molloy

Susan Molloy

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ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

05/27/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER HUB Healthcare Solutions HUB International New England 136 Turnpike Road, Suite 105 Southborough, MA 01772	CONTACT NAME: Amanda Keaveney	
	PHONE (A/C, No, Ext): 508-303-9471	FAX (A/C, No): 866-388-8907
	E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	
	INSURER A : Safety National Casualty Corp	
	INSURER B :	
INSURED Capital Region Healthcare Corporation and Concord Hospital Inc. 250 Pleasant Street Concord, NH 03301	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	
	INSURER G :	
	INSURER H :	

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY ☐ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☐ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PRO-JECT ☐ LOC					EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☐ HIRED AUTOS ☐ NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB ☐ OCCUR EXCESS LIAB ☐ CLAIMS-MADE DED ☐ RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☐ Y/N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	SP4049733 SIR \$450,000	10/01/13	10/01/14	☒ WC STATUTORY LIMITS ☐ OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000

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

Evidence of Coverage

CERTIFICATE HOLDER

CANCELLATION

State of New Hampshire
 Department of Health & Human
 Services
 105 Pleasant Drive
 Concord, NH 03301

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

AUTHORIZED REPRESENTATIVE

Quinn E. Doe

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**Concord Hospital, Inc.
and Subsidiaries**

Audited Consolidated Financial Statements

Years Ended September 30, 2013 and 2012

With Independent Auditors' Report

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

Audited Consolidated Financial Statements

Years Ended September 30, 2013 and 2012

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BAKER | NEWMAN | NOYES

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Concord Hospital, Inc.

We have audited the accompanying consolidated financial statements of Concord Hospital, Inc. and Subsidiaries (the System), which comprise the consolidated balance sheets as of September 30, 2013 and 2012, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the System as of September 30, 2013 and 2012, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Baker Newman & Noyes

Manchester, New Hampshire
December 9, 2013

Limited Liability Company

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

September 30, 2013 and 2012

ASSETS (In thousands)

	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 24,006	\$ 32,720
Investments	2,384	14,382
Accounts receivable, less allowance for doubtful accounts of \$19,695 in 2013 and \$17,995 in 2012	46,061	41,614
Due from affiliates	584	240
Supplies	1,153	740
Prepaid expenses and other current assets	<u>5,983</u>	<u>4,452</u>
Total current assets	80,171	94,148
Assets whose use is limited or restricted:		
Board designated	230,143	174,864
Funds held by trustee:		
Workers' compensation reserves and self-insurance escrows	9,212	7,966
Construction fund	10,398	—
Donor-restricted	<u>32,367</u>	<u>29,642</u>
Total assets whose use is limited or restricted	282,120	212,472
Other noncurrent assets:		
Due from affiliates, net of current portion	2,779	3,167
Bond issuance costs and other assets	<u>18,651</u>	<u>10,311</u>
Total other noncurrent assets	21,430	13,478
Property and equipment:		
Land and land improvements	5,394	5,383
Buildings	166,951	157,893
Equipment	205,283	192,633
Construction in progress	<u>9,286</u>	<u>14,000</u>
	386,914	369,909
Less accumulated depreciation	<u>(230,767)</u>	<u>(212,808)</u>
Net property and equipment	<u>156,147</u>	<u>157,101</u>
	<u>\$ 539,868</u>	<u>\$ 477,199</u>

	2013	2012
Current liabilities:		
Short-term notes payable	\$ 1,027	\$ 701
Accounts payable and accrued expenses	21,822	22,236
Accrued compensation and related expenses	23,293	22,222
Accrual for estimated third-party payor settlements	14,599	11,342
Current portion of long-term debt	<u>7,931</u>	<u>9,721</u>
Total current liabilities	68,672	66,222
Long-term debt, net of current portion	111,781	97,512
Accrued pension and other long-term liabilities	<u>64,102</u>	<u>83,000</u>
Total liabilities	244,555	246,734
Net assets:		
Unrestricted	262,946	200,823
Temporarily restricted	14,127	12,890
Permanently restricted	<u>18,240</u>	<u>16,752</u>
Total net assets	295,313	230,465
	<u>\$ 539,868</u>	<u>\$ 477,199</u>

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CONCORD HOSPITAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended September 30, 2013 and 2012
(In thousands)

	<u>2013</u>	<u>2012</u>
Unrestricted revenue and other support:		
Net patient service revenue, net of contractual allowances and discounts	\$432,232	\$409,261
Provision for doubtful accounts	<u>(31,493)</u>	<u>(26,251)</u>
Net patient service revenue less provision for doubtful accounts	400,739	383,010
Other revenue	24,140	25,413
Net assets released from restrictions for operations	<u>1,886</u>	<u>1,973</u>
Total unrestricted revenue and other support	426,765	410,396
Expenses:		
Salaries and wages	180,716	173,024
Employee benefits	45,644	43,943
Supplies and other	76,347	71,989
Purchased services	59,783	59,057
Professional fees	3,170	2,629
Depreciation and amortization	25,047	24,595
Medicaid enhancement tax	16,541	16,175
Interest expense	<u>4,720</u>	<u>4,918</u>
Total expenses	<u>411,968</u>	<u>396,330</u>
Income from operations	14,797	14,066
Nonoperating (loss) income:		
Unrestricted gifts and bequests	159	3,984
Investment income and other	92	2,079
Loss on extinguishment of debt	<u>(3,169)</u>	<u>—</u>
Total nonoperating (loss) income	<u>(2,918)</u>	<u>6,063</u>
Excess of revenues and gains over expenses	<u>\$ 11,879</u>	<u>\$ 20,129</u>

See accompanying notes.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years Ended September 30, 2013 and 2012
(In thousands)

	<u>2013</u>	<u>2012</u>
Unrestricted net assets:		
Excess of revenues and gains over expenses	\$ 11,879	\$ 20,129
Net unrealized gains on investments	22,870	16,891
Net transfers from affiliates	295	258
Net assets released from restrictions used for purchases of property and equipment	112	503
Pension adjustment	<u>26,967</u>	<u>(15,369)</u>
Increase in unrestricted net assets	62,123	22,412
Temporarily restricted net assets:		
Restricted contributions and pledges	1,285	1,346
Restricted investment income	66	336
Contributions to affiliates and other community organizations	(135)	(123)
Net unrealized gains on investments	2,019	1,715
Net assets released from restrictions for operations	(1,886)	(1,973)
Net assets released from restrictions used for purchases of property and equipment	<u>(112)</u>	<u>(503)</u>
Increase in temporarily restricted net assets	1,237	798
Permanently restricted net assets:		
Restricted contributions and pledges	1,022	129
Unrealized gains on trusts administered by others	<u>466</u>	<u>898</u>
Increase in permanently restricted net assets	<u>1,488</u>	<u>1,027</u>
Increase in net assets	64,848	24,237
Net assets, beginning of year	<u>230,465</u>	<u>206,228</u>
Net assets, end of year	<u>\$295,313</u>	<u>\$230,465</u>

See accompanying notes.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended September 30, 2013 and 2012

(In thousands)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Increase in net assets	\$ 64,848	\$ 24,237
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Restricted contributions and pledges	(2,307)	(1,475)
Depreciation and amortization	25,047	24,595
Net realized and unrealized gains on investments	(23,589)	(20,623)
Bond discount/premium amortization	(202)	(209)
Loss on extinguishment of debt	3,169	—
Provision for doubtful accounts	31,493	26,251
Equity in earnings of affiliates, net	(5,835)	(5,987)
Loss on disposal of property and equipment	56	321
Pension adjustment	(26,967)	15,369
Changes in operating assets and liabilities:		
Accounts receivable	(35,940)	(24,721)
Supplies and prepaid expenses	(1,944)	(179)
Other assets	(11,973)	(3,339)
Due from affiliates	44	515
Accounts payable and accrued expenses	(414)	(538)
Accrued compensation and related expenses	1,071	1,773
Accrual for estimated third-party payor settlements	3,257	2,831
Accrued pension and other long-term liabilities	<u>8,069</u>	<u>(1,137)</u>
Net cash provided by operating activities	27,883	37,684
Cash flows from investing activities:		
Increase in property and equipment, net	(23,961)	(23,559)
Purchases of investments	(161,265)	(84,651)
Proceeds from sales of investments	127,222	96,910
Equity distributions from affiliates	<u>6,152</u>	<u>6,456</u>
Net cash used by investing activities	(51,852)	(4,844)
Cash flows from financing activities:		
Proceeds from long-term debt	81,052	—
Payments on long-term debt	(67,646)	(9,755)
Change in short-term notes payable	326	(243)
Bond issuance costs	(766)	—
Restricted contributions and pledges	<u>2,289</u>	<u>1,429</u>
Net cash provided (used) by financing activities	<u>15,255</u>	<u>(8,569)</u>
Net (decrease) increase in cash and cash equivalents	(8,714)	24,271
Cash and cash equivalents at beginning of year	<u>32,720</u>	<u>8,449</u>
Cash and cash equivalents at end of year	<u>\$ 24,006</u>	<u>\$ 32,720</u>

See accompanying notes.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

(In thousands)

1. Description of Organization and Summary of Significant Accounting Policies

Organization

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

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

In March 2009, Concord Hospital created The Concord Hospital Trust (the Trust), a separately incorporated, not-for-profit organization to serve as the Hospital's philanthropic arm. In establishing the Trust, the Hospital transferred philanthropic permanent and temporarily restricted funds, including board designated funds, endowments, indigent care funds and specific purpose funds, to the newly formed organization together with the stewardship responsibility to direct monies available to support the Hospital's charitable mission and reflect the specific intentions of the donors who made these gifts. Concord Hospital and the Trust constitute the Obligated Group at September 30, 2013 and 2012 to certain debt described in Note 6.

Subsidiaries of the Hospital include:

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

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

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

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

CONCORD HOSPITAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant areas which are affected by the use of estimates include the allowance for doubtful accounts and contractual adjustments, estimated third-party payor settlements, and actuarial assumptions used in determining pension expense, health benefit plan expense, workers' compensation costs and malpractice losses.

Concentration of Credit Risk

Financial instruments which subject the Hospital to credit risk consist primarily of cash equivalents, accounts receivable and investments. The risk with respect to cash equivalents is minimized by the Hospital's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. The Hospital's accounts receivable are primarily due from third-party payors and amounts are presented net of expected contractual allowances and uncollectible amounts. The Hospital's investment portfolio consists of diversified investments, which are subject to market risk. Investments that exceeded 10% of investments include the Harbor Funds International Fund and the State Street S&P 500 CTF as of September 30, 2013 and 2012.

Cash and Cash Equivalents

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

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

Supplies

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

Assets Whose Use is Limited or Restricted

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

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

(In thousands)

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

Investments and Investment Income

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

Beneficial Interest in Perpetual Trusts

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

Investment Policies

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

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

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

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

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

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

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

Spending Policy for Appropriation of Assets for Expenditure

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

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

Accounts Receivable and the Allowance for Doubtful Accounts

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

The System's allowance for doubtful accounts for self-pay patients decreased from 88% of self-pay accounts receivable at September 30, 2012 to 87% of self-pay accounts receivable at September 30, 2013. The total provision for the allowance for doubtful accounts was \$31,493 and \$26,251 for the years ended September 30, 2013 and 2012, respectively. The System also allocates a portion of the allowance and provision for doubtful accounts to charity care, which is reflected within net patient service revenue, net of contractual allowance and discounts, in the accompanying consolidated statements of operations. The System's self-pay bad debt writeoffs increased \$232, from \$32,052 in 2012 to \$32,284 in 2013. The change in the allowance as a percentage of self-pay accounts receivable and bad debt writeoffs was a result of collection trends.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

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

Property and Equipment

Property and equipment is stated at cost at time of purchase, or at fair value at time of donation for assets contributed, less any reductions in carrying value for impairment and less accumulated depreciation. The System's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures which do not extend the lives of the related assets. Depreciation is computed using the straight-line method in a manner intended to amortize the cost of the related assets over their estimated useful lives. For the years ended September 30, 2013 and 2012, depreciation expense was \$24,859 and \$24,407, respectively.

The System has also capitalized certain costs associated with property and equipment not yet in service. Construction in progress includes amounts incurred related to major construction projects, other renovations, and other capital equipment purchased but not yet placed in service. Interest capitalized as part of construction projects was \$23 and \$166 during 2013 and 2012, respectively.

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

Federal Grant Revenue and Expenditures

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

Bond Issuance Costs/Original Issue Discount or Premium

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

Charity Care

The System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates (Note 11). Because the System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The System determines the costs associated with providing charity care by calculating a ratio of cost to gross charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to patients eligible for free care. Funds received from gifts and grants to subsidize charity services provided for the years ended September 30, 2013 and 2012 were approximately \$13 and \$15, respectively.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

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

Temporarily and Permanently Restricted Net Assets

Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of donated assets. Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported as either net assets released from restrictions (for noncapital related items) or as net assets released from restrictions used for capital purchases (capital related items). Permanently restricted net assets have been restricted by donors to be maintained in perpetuity.

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

Net Patient Service Revenue

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, per diem payments and fee schedules. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Changes in these estimates are reflected in the financial statements in the year in which they occur. For the years ended September 30, 2013 and 2012, net patient service revenue in the accompanying consolidated statements of operations increased by approximately \$1,366 and \$3,256, respectively, due to actual settlements and changes in assumptions underlying estimated future third-party settlements.

Revenues from the Medicare and Medicaid programs accounted for approximately 28% and 3% and 27% and 3% of the System's net patient service revenue for the years ended September 30, 2013 and 2012, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation.

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients, the Hospital provides a discount approximately equal to that of its largest private insurance payors. On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for doubtful accounts related to uninsured patients in the period the services are provided.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

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

Donor-Restricted Gifts

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

Excess of Revenues and Gains Over Expenses

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

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

Estimated Workers' Compensation and Health Care Claims

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

Income Taxes

The Hospital, CRHCDC, CRHVC, CH/DHC and the Trust are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code, and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Management evaluated the System's tax positions and concluded the System has maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment to or disclosure in the accompanying consolidated financial statements. With few exceptions, the System is no longer subject to income tax examination by the U.S. federal or state tax authorities for years before 2010.

Advertising Costs

The System expenses advertising costs as incurred, and such costs totaled approximately \$184 and \$286 for the years ended September 30, 2013 and 2012, respectively.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

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

Reclassifications

Certain 2012 amounts have been reclassified to conform with the current year presentation.

Subsequent Events

Management of the System evaluated events occurring between the end of its fiscal year and December 9, 2013, the date the consolidated financial statements were available to be issued.

2. **Transactions With Affiliates**

The System provides funds to CRHC and its affiliates which are used for a variety of purposes. The System records the transfer of funds to CRHC and the other affiliates as either receivables or directly against net assets, depending on the intended use and repayment requirements of the funds. Generally, funds transferred for start-up costs of new ventures or capital related expenditures are recorded as charges against net assets. For the years ended September 30, 2013 and 2012, transfers made to CRHC were \$(212) and \$(32), respectively, and transfers received from Capital Region Health Care Services Corporation (CRHCSC) were \$507 and \$290, respectively.

A brief description of affiliated entities is as follows:

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

Amounts due the System, primarily from joint ventures, totaled \$3,363 and \$3,407 at September 30, 2013 and 2012, respectively. Amounts have been classified as current or long-term depending on the intentions of the parties involved. Beginning in 1999, the Hospital began charging interest on a portion of the receivables (\$968 and \$1,002 at September 30, 2013 and 2012, respectively) with principal and interest (6.75% at September 30, 2013) payments due monthly. Interest income amounted to \$67 and \$69 for the years ended September 30, 2013 and 2012, respectively.

Contributions to affiliates and other community organizations from temporarily restricted net assets were \$135 and \$123 in 2013 and 2012, respectively.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

3. Investments and Assets Whose Use is Limited or Restricted

Investments totaling \$2,384 and \$14,382 at September 30, 2013 and 2012, respectively, are comprised primarily of cash and cash equivalents. Assets whose use is limited or restricted are carried at fair value and consist of the following at September 30:

	<u>2013</u>	<u>2012</u>
Board designated funds:		
Cash and cash equivalents	\$ 2,416	\$ 1,200
Fixed income securities	44,245	34,997
Marketable equity and other securities	168,040	125,808
Inflation-protected securities	<u>15,442</u>	<u>12,859</u>
	230,143	174,864
 Held by trustee for workers' compensation reserves:		
Fixed income securities	3,629	3,655
 Health insurance and other escrow funds:		
Cash and cash equivalents	863	863
Fixed income securities	912	773
Marketable equity securities	3,808	2,673
Guaranteed interest contract	<u>—</u>	<u>2</u>
	5,583	4,311
 Held by trustee for construction fund:		
Cash equivalents	10,398	—
 Donor restricted:		
Cash and cash equivalents	2,635	2,015
Fixed income securities	3,696	3,250
Marketable equity securities	13,961	12,719
Inflation-protected securities	1,290	1,357
Trust funds administered by others	10,678	10,212
Other	<u>107</u>	<u>89</u>
	<u>32,367</u>	<u>29,642</u>
	<u>\$282,120</u>	<u>\$212,472</u>

Included in marketable equity and other securities above are \$80,648 and \$69,967 at September 30, 2013 and 2012, respectively, in so called alternative investments. See also note 14.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

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

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

	<u>2013</u>	<u>2012</u>
Unrestricted:		
Interest and dividends	\$ 2,936	\$ 2,457
Investment income from trust funds administered by others	496	509
Net realized (losses) gains on sales of investments	<u>(1,632)</u>	<u>1,003</u>
	1,800	3,969
Restricted:		
Interest and dividends	200	220
Net realized (losses) gains on sales of investments	<u>(134)</u>	<u>116</u>
	66	336
	<u>\$ 1,866</u>	<u>\$ 4,305</u>
Other changes in net assets:		
Net unrealized gains on investments:		
Unrestricted	\$ 22,870	\$ 16,891
Temporarily restricted	2,019	1,715
Permanently restricted	<u>466</u>	<u>898</u>
	<u>\$ 25,355</u>	<u>\$ 19,504</u>

In compliance with the System's spending policy, portions of investment income and related fees are recognized in other operating revenue on the accompanying consolidated statements of operations. Investment income reflected in other operating revenue was \$1,550 and \$2,284 in 2013 and 2012, respectively.

Investment management fees expensed and reflected in nonoperating income were \$736 and \$756 for the years ended September 30, 2013 and 2012, respectively.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

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

The following summarizes the Hospital's gross unrealized losses and fair values, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at September 30, 2013 and 2012:

	<u>Less Than 12 Months</u>		<u>12 Months or Longer</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
<u>2013</u>						
Marketable equity securities	\$41,047	\$ (882)	\$ 47	\$ (19)	\$41,094	\$ (901)
REIT	108	(3)	—	—	108	(3)
Fund-of-funds	<u>7,344</u>	<u>(658)</u>	<u>8,800</u>	<u>(981)</u>	<u>16,144</u>	<u>(1,639)</u>
	<u>\$48,499</u>	<u>\$ (1,543)</u>	<u>\$ 8,847</u>	<u>\$ (1,000)</u>	<u>\$57,346</u>	<u>\$ (2,543)</u>
<u>2012</u>						
Marketable equity securities	\$ 4,753	\$ (341)	\$ 1,818	\$ (348)	\$ 6,571	\$ (689)
REIT	—	—	107	(2)	107	(2)
Fund-of-funds	<u>—</u>	<u>—</u>	<u>18,612</u>	<u>(4,097)</u>	<u>18,612</u>	<u>(4,097)</u>
	<u>\$ 4,753</u>	<u>\$ (341)</u>	<u>\$20,537</u>	<u>\$ (4,447)</u>	<u>\$25,290</u>	<u>\$ (4,788)</u>

In evaluating whether investments have suffered an other-than-temporary decline, based on input from outside investment advisors, management evaluated the amount of the decline compared to cost, the length of time and extent to which fair value has been less than cost, the underlying creditworthiness of the issuer, the fair values exhibited during the year, estimated future fair values and the System's intent and ability to hold the security until a recovery in fair value or maturity. Based on evaluations of the underlying issuers' financial condition, current trends and economic conditions, management believes that unrealized losses related to securities that have suffered an other-than-temporary decline in value are not material to these consolidated financial statements.

4. Defined Benefit Pension Plan

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

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
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4. Defined Benefit Pension Plan (Continued)

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

The following table summarizes the Plan's funded status at September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Pension benefits:		
Fair value of plan assets	\$ 131,706	\$ 117,798
Projected benefit obligation	<u>(172,761)</u>	<u>(186,897)</u>
	<u>\$ (41,055)</u>	<u>\$ (69,099)</u>
Activities for the year consist of:		
Benefit payments and administrative expenses	\$ 9,356	\$ 3,846
Net periodic benefit cost	10,923	8,655

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

	<u>2013</u>	<u>2012</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$186,897	\$155,288
Service cost	8,711	7,733
Interest cost	7,940	7,799
Actuarial (gain) loss	(21,431)	19,923
Benefit payments and administrative expenses paid	<u>(9,356)</u>	<u>(3,846)</u>
Benefit obligation at end of year	<u>\$172,761</u>	<u>\$186,897</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$117,798	\$ 98,213
Actual return on plan assets	11,264	11,431
Employer contributions	12,000	12,000
Benefit payments and administrative expenses paid	<u>(9,356)</u>	<u>(3,846)</u>
Fair value of plan assets at end of year	<u>\$131,706</u>	<u>\$117,798</u>
Funded status and amount recognized in noncurrent liabilities at September 30	<u>\$ (41,055)</u>	<u>\$ (69,099)</u>

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

4. Defined Benefit Pension Plan (Continued)

Amounts recognized as a change in unrestricted net assets during the years ended September 30, 2013 and 2012 consist of:

	<u>2013</u>	<u>2012</u>
Net actuarial (gain) loss	\$ (22,539)	\$ 17,874
Net amortized loss	(4,492)	(2,722)
Prior service credit amortization	<u>64</u>	<u>217</u>
Total amount recognized	<u>\$ (26,967)</u>	<u>\$ 15,369</u>

Pension Plan Assets

The fair values of the System's pension plan assets and target allocations as of September 30, 2013 and 2012, by asset category are as follows (see Note 14 for level definitions):

	Target Allo- cation					Percentage of Plan Assets September 30, 2013
	<u>2013</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	
Short-term investments:	0 – 5%					7%
Money market funds		\$ 9,186	\$ –	\$ –	\$ 9,186	
Equity securities:	40 – 70%					71%
Common stocks		6,960	–	–	6,960	
Mutual funds – international		36,542	–	–	36,542	
Common collective trust		–	20,170	–	20,170	
Funds-of-funds		–	3,672	26,582	30,254	
Fixed income securities:	10 – 60%					13%
Mutual funds - REIT		545	–	–	545	
Mutual funds – fixed income		11,529	–	–	11,529	
Funds-of-funds		–	–	4,568	4,568	
Hedge funds:	0 – 20%					9%
Inflation hedge		–	11,952	–	11,952	
		<u>\$64,762</u>	<u>\$35,794</u>	<u>\$31,150</u>	<u>\$131,706</u>	

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

4. Defined Benefit Pension Plan (Continued)

	Target Allo- cation <u>2012</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	Percentage of Plan Assets September 30, <u>2012</u>
Short-term investments:	0 – 5%					0%
Money market funds		\$ –	\$ –	\$ –	\$ –	
Equity securities:	40 – 70%					69%
Common stocks		6,532	–	–	6,532	
Mutual funds – international		29,738	–	–	29,738	
Foreign		–	661	–	661	
Common collective trust		–	14,965	–	14,965	
Funds-of-funds		–	–	28,766	28,766	
Fixed income securities:	10 – 60%					26%
U.S. government and agency obligations		2,575	12,439	–	15,014	
Mutual funds - REIT		473	–	–	473	
Mutual funds – fixed income		10,256	–	–	10,256	
Funds-of-funds		–	–	5,006	5,006	
Hedge funds:	0 – 20%					5%
Inflation hedge		–	6,387	–	6,387	
		<u>\$49,574</u>	<u>\$34,452</u>	<u>\$33,772</u>	<u>\$117,798</u>	

The funds-of-funds are invested with six investment managers and have various restrictions on redemptions. Four of the managers holding amounts totaling approximately \$21 million allow for monthly redemptions, with notices ranging from 5 to 15 days. Two managers holding amounts totaling approximately \$14 million allow for quarterly redemptions, with a notice of 45 or 65 days. Two of the funds also require a one-year lock on initial deposit of funds. One fund also may include a fee estimated to be equal to the cost the fund incurs in converting investments to cash (maximum of 1.5%).

The table below sets forth a summary of changes in plan assets using unobservable inputs (Level 3):

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$33,772	\$38,315
Unrealized losses related to instruments still held at the reporting date	(566)	(4,543)
Purchases	4,000	–
Sales	<u>(6,056)</u>	<u>–</u>
Balance, end of year	<u>\$31,150</u>	<u>\$33,772</u>

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

4. Defined Benefit Pension Plan (Continued)

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

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

Amounts included in expense during fiscal 2013 and 2012 consist of:

	<u>2013</u>	<u>2012</u>
Components of net periodic benefit cost:		
Service cost	\$ 8,711	\$ 7,733
Interest cost	7,940	7,799
Expected return on plan assets	(10,156)	(9,382)
Amortization of prior service cost and gains and losses	<u>4,428</u>	<u>2,505</u>
Net periodic benefit cost	<u>\$ 10,923</u>	<u>\$ 8,655</u>

The accumulated benefit obligations for the plan at September 30, 2013 and 2012 were \$161,290 and \$172,908, respectively.

	<u>2013</u>	<u>2012</u>
Weighted average assumptions to determine benefit obligation:		
Discount rate	5.38%	4.40%
Rate of compensation increase	2.00	2.00
Weighted average assumptions to determine net periodic benefit cost:		
Discount rate	4.40%	5.15%
Expected return on plan assets	8.00	8.00
Cash balance credit rate	5.00	5.00
Rate of compensation increase	2.00	2.00

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

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

(In thousands)

4. Defined Benefit Pension Plan (Continued)

The loss and prior service credit amount expected to be recognized in net periodic benefit cost in 2013 are as follows:

Actuarial loss	\$ 2,770
Prior service credit	<u>(33)</u>
	<u>\$ 2,737</u>

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

Cash contributions in subsequent years will depend on a number of factors including performance of plan assets. However, the System expects to fund \$12,000 in cash contributions to the plan for the 2014 plan year.

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

<u>Year Ended September 30</u>	<u>Pension Benefits</u>
2014	\$ 8,999
2015	10,034
2016	10,917
2017	13,101
2018	13,520
2019 – 2023	82,301

5. Estimated Third-Party Payor Settlements

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

Medicare

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

The physician practices are reimbursed on a fee screen basis.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

(In thousands)

5. Estimated Third-Party Payor Settlements (Continued)

Medicaid Enhancement Tax

Under the State of New Hampshire's tax code, the State imposes a Medicaid Enhancement Tax (MET) equal to 5.5% of net patient service revenues, with certain exclusions. The amount of tax incurred by the System for fiscal 2013 and 2012 was \$16,541 and \$16,175, 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 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. In addition, as part of the State of New Hampshire's biennial budget process for the two-year period ended June 30, 2013, the State eliminated disproportionate share payments to certain New Hampshire hospitals, including the System. As a result, during the fiscal years ended September 30, 2013 and 2012, the System paid the State of New Hampshire's MET based on 5.5% of net patient service revenues, with certain exclusions but did not receive disproportionate share payments.

The System amended certain past MET returns based upon further guidance which provided that certain exclusions can be deducted from net patient service revenues. Subsequent to September 30, 2013, the State completed an initial audit of those amended returns. The outcome of the amended returns and related audits is uncertain at the date of these consolidated financial statements, and no amounts have been reflected in these consolidated financial statements related to those matters.

Medicaid

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

The physician practices are reimbursed on a fee screen basis.

Other

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

The accrual for estimated third-party payor settlements reflected on the accompanying consolidated balance sheets represents the estimated net amounts to be paid under reimbursement contracts with the Centers for Medicare and Medicaid Services (Medicare), the New Hampshire Department of Welfare (Medicaid) and any commercial payors with settlement provision. Settlements for the Hospital have been finalized through 2009 for Medicare and Medicaid.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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6. Long-Term Debt and Notes Payable

Long-term debt consists of the following at September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
2.0% to 5.0% New Hampshire Health and Education Facilities Authority (NHHEFA) Revenue Bonds, Concord Hospital Issue, Series 2013A; due in annual installments, including principal and interest ranging from \$1,543 to \$3,555 through 2043, including unamortized original issue premium of \$3,550 in 2013	\$ 47,860	\$ -
1.71% fixed rate NHHEFA Revenue Bonds, Concord Hospital Issue, Series 2013B; due in annual installments, including principal and interest ranging from \$1,651 to \$3,977 through 2024	31,011	-
1.3% to 5.6% NHHEFA Revenue Bonds, Concord Hospital Issue, Series 2011; due in annual installments, including principal and interest of \$5,200 through 2026, including unamortized original issue premium of \$252 in 2013 and \$270 in 2012	40,841	44,196
3.0% to 5.5% NHHEFA Hospital Revenue Bonds, Concord Hospital Issue, Series 2001; due in annual installments, including principal and interest of \$2,302 through 2031; net of unamortized original issue discount of \$391 in 2012. Refunded in 2013 through the Series 2013A issuance as described below	-	27,284
2.88% to 5.25% NHHEFA Hospital Revenue Bonds, Concord Hospital Issue Series 2004; due in annual installments, including principal and interest of \$4,264, payable through 2024; including unamortized original issue premium of \$1,167 in 2012. Refunded in 2013 through the Series 2013B issuance as described below	-	32,967
4% to 5% NHHEFA Revenue Anticipation Notes, Concord Hospital Issue, Series 2008; due in annual installments, including principal and interest ranging from \$2,861 to \$3,756 through 2013, including unamortized original issue premium of \$66 in 2012. Paid in full in 2013	-	2,786
	119,712	107,233
Less current portion	<u>(7,931)</u>	<u>(9,721)</u>
	<u>\$111,781</u>	<u>\$ 97,512</u>

In February 2013, \$48,631 (including an original issue premium of \$3,631) of NHHEFA Revenue Bonds, Concord Hospital Issue, Series 2013A, were issued to assist in the funding of a significant facility improvement project and to advance refund the Series 2001 NHHEFA Hospital Revenue Bonds. The facility improvement project includes enhancements to the System's power plant, renovation of certain nursing units, expansion of the parking capacity at the main campus and various other routine capital expenditures and miscellaneous construction, renovation and improvements of the System's facilities. As a result of the advance refunding, the unamortized bond issuance costs and original issue discount related to the Series 2001 NHHEFA Hospital Revenue Bonds were included in loss on extinguishment of debt and totaled \$1,483 for the year ended September 30, 2013. As of September 30, 2013, none of the Series 2001 advance refunded bonds remain outstanding.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(In thousands)

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

In April 2013, \$32,421 of NHHEFA Revenue Bonds, Concord Hospital Issues, Series 2013B, were issued to advance refund the Series 2004 NHHEFA Hospital Revenue Bonds. As a result of the bond refinancing, the unamortized bond issuance costs and original issue premium related to the Series 2004 NHHEFA Hospital Revenue Bonds were included on loss on extinguishment of debt and totaled \$1,686 for the year ended September 30, 2013. As of September 30, 2013, \$31,800 of advance refunded bonds, which are considered extinguished for purposes of these consolidated financial statements, remain outstanding.

In March 2011, \$49,795 of NHHEFA Revenue Bonds, Concord Hospital Issue, Series 2011, were issued to assist in the funding of a significant facility improvement project and pay off the Series 1996 Revenue Bonds. The project included expansion and renovation of various Hospital departments, infrastructure upgrades, and acquisition of capital equipment. The project began during fiscal year 2011 and was completed in fiscal year 2012.

Substantially all the property and equipment relating to the aforementioned construction and renovation projects, as well as subsequent property and equipment additions thereto, and a mortgage lien on the facility, are pledged as collateral for the Series 2011 and 2013A and B Revenue Bonds. In addition, the gross receipts of the Hospital are pledged as collateral for the Series 2011 and 2013A and B Revenue Bonds. The most restrictive financial covenants require a 1.10 (1.25 in 2012) to 1.0 ratio of aggregate income available for debt service to total annual debt service and a day's cash on hand ratio of 75 days (90 days in 2012). The Hospital was in compliance with its debt covenants at September 30, 2013 and 2012.

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

Interest paid on long-term debt amounted to \$4,892 and \$5,236 for the years ended September 30, 2013 and 2012, respectively.

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

2014	\$ 7,931
2015	8,131
2016	8,337
2017	8,570
2018	8,822
Thereafter	<u>77,921</u>
	<u>\$119,712</u>

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(In thousands)

7. Commitments and Contingencies

Malpractice Loss Contingencies

Prior to February 1, 2011, the System was insured against malpractice loss contingencies under claims-made insurance policies. A claims-made policy provides specific coverage for claims made during the policy period. The System maintained excess professional and general liability insurance policies to cover claims in excess of liability retention levels. The System has established reserves to cover professional liability exposures for incurred but unpaid or unreported claims. The amounts of the reserves have been determined by actuarial consultants and total \$4,692 and \$6,502 at September 30, 2013 and 2012 and are reflected in the accompanying consolidated balance sheets within accrued pension and other long-term liabilities. The possibility exists, as a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the System.

Effective February 1, 2011, the System insures its medical malpractice risks through a multiprovider captive insurance company under a claims-made insurance policy. Premiums paid are based upon actuarially determined amounts to adequately fund for expected losses. At September 30, 2013, there were no known malpractice claims outstanding for the System which, in the opinion of management, will be settled for amounts in excess of insurance coverage, nor were there any unasserted claims or incidents which required loss accruals. The captive retains and funds up to actuarial expected loss amounts, and obtains reinsurance at various attachment points for individual and aggregate claims in excess of funding in accordance with industry practices. The System's interest in the captive represents approximately 28% of the captive. Control of the captive is equally shared by participating hospitals. The System has recorded its interest in the captive's equity, totaling approximately \$1,335 at September 30, 2013 and 2012, in other noncurrent assets on the accompanying consolidated balance sheets. Changes in the System's interest are included in nonoperating income on the accompanying consolidated statements of operations.

In accordance with Accounting Standards Update No. 2010-24, "Health Care Entities" (Topic 954): *Presentation of Insurance Claims and Related Insurance Recoveries*, at September 30, 2013 and 2012, the Hospital recorded a liability of approximately \$12,900 and \$3,000, respectively, related to estimated professional liability losses. At September 30, 2013 and 2012, the Hospital also recorded a receivable of \$12,900 and \$3,000, respectively, related to estimated recoveries under insurance coverage for recoveries of the potential losses. These amounts are included in accrued pension and other long-term liabilities, and bond issuance costs and other assets, respectively, on the consolidated balance sheets.

Workers' Compensation

The Hospital maintains workers' compensation insurance under a self-insurance plan. The plan offers, among other provisions, certain specific and aggregate stop-loss coverage to protect the Hospital against excessive losses. The Hospital has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Accrued workers' compensation losses of \$2,456 and \$2,995 at September 30, 2013 and 2012, respectively, have been discounted at 6% and, in management's opinion, provide an adequate reserve for loss contingencies. A trustee held fund has been established as a reserve under the plan.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

7. Commitments and Contingencies (Continued)

Litigation

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

Health Insurance

The System has a self-funded health insurance plan. The plan is administered by an insurance company which assists in determining the current funding requirements of participants under the terms of the plan and the liability for claims and assessments that would be payable at any given point in time. The System recognizes revenue for services provided to employees of the System during the year. The System is insured above a stop-loss amount of \$440 on individual claims. Estimated unpaid claims, and those claims incurred but not reported at September 30, 2013 and 2012, have been recorded as a liability of \$5,034 and \$6,662, respectively, and are reflected in the accompanying consolidated balance sheets within accounts payable and accrued expenses.

Operating Leases

The System has various operating leases relative to its office and offsite locations. Future annual minimum lease payments under noncancellable lease agreements as of September 30, 2013 are as follows:

Year Ending September 30:	
2014	\$ 4,900
2015	4,257
2016	4,200
2017	3,634
2018	3,357
Thereafter	<u>19,952</u>
	<u>\$40,300</u>

Rent expense was \$8,456 and \$8,207 for the years ended September 30, 2013 and 2012, respectively.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

8. Temporarily and Permanently Restricted Net Assets

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

	<u>2013</u>	<u>2012</u>
Health education and program services	\$ 12,821	\$ 11,446
Capital acquisitions	1,053	652
Indigent care	181	709
For periods after September 30 of each year	<u>72</u>	<u>83</u>
	<u>\$ 14,127</u>	<u>\$ 12,890</u>

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

	<u>2013</u>	<u>2012</u>
Health education and program services	\$ 15,513	\$ 14,213
Capital acquisitions	803	606
Indigent care	1,810	1,883
For periods after September 30 of each year	<u>114</u>	<u>50</u>
	<u>\$ 18,240</u>	<u>\$ 16,752</u>

9. Patient Service and Other Revenue

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

	<u>2013</u>	<u>2012</u>
Gross patient service charges:		
Inpatient services	\$393,992	\$353,457
Outpatient services	469,048	432,131
Physician services	125,705	118,631
Less charitable services	<u>(33,903)</u>	<u>(38,487)</u>
	954,842	865,732
Less contractual allowances and discounts:		
Medicare	313,177	265,505
Medicaid	68,347	57,662
Other	<u>170,770</u>	<u>162,873</u>
	<u>552,294</u>	<u>486,040</u>
Total Hospital net patient service revenue (net of contractual allowances and discounts)	402,548	379,692
Other entities	<u>29,684</u>	<u>29,569</u>
	<u>\$432,232</u>	<u>\$409,261</u>

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

9. Patient Service and Other Revenue (Continued)

An estimated breakdown of patient service revenue, net of contractual allowances, discounts and provision for doubtful accounts recognized in 2013 and 2012 from these major payor sources, is as follows for the Hospital. The provision for doubtful accounts for subsidiaries of the Hospital was not significant in 2013 and 2012.

	Hospital			Net Patient Service Revenues Less Provision for Doubtful Accounts
	Gross Patient Service Revenues	Contractual Allowances and Discounts	Provision for Doubtful Accounts	
<u>2013</u>				
Private payors (includes coinsurance and deductibles)	\$413,913	\$(170,770)	\$ (9,270)	\$233,873
Medicaid	79,936	(68,347)	—	11,589
Medicare	429,908	(313,177)	(1,948)	114,783
Self-pay	<u>31,085</u>	<u>—</u>	<u>(19,660)</u>	<u>11,425</u>
	<u>\$954,842</u>	<u>\$(552,294)</u>	<u>\$ (30,878)</u>	<u>\$371,670</u>
<u>2012</u>				
Private payors (includes coinsurance and deductibles)	\$404,540	\$(162,873)	\$ (8,219)	\$233,448
Medicaid	66,890	(57,662)	—	9,228
Medicare	374,479	(265,505)	(1,648)	107,326
Self-pay	<u>19,823</u>	<u>—</u>	<u>(15,828)</u>	<u>3,995</u>
	<u>\$865,732</u>	<u>\$(486,040)</u>	<u>\$ (25,695)</u>	<u>\$353,997</u>

Electronic Health Records Incentive Payments

The CMS Electronic Health Records (EHR) incentive programs provide a financial incentive for the "meaningful use" of certified EHR technology to achieve health and efficiency goals. To qualify for incentive payments, eligible organizations must successfully demonstrate meaningful use of certified EHR technology through various stages defined by CMS. The System filed its Stage I Year 2 meaningful use attestations with CMS. Revenue totaling \$3,719 and \$4,025 associated with these meaningful use attestations was recorded as other revenue for the years ended September 30, 2013 and 2012, respectively. In addition, a receivable amount of \$1,616 was recorded within prepaid expenses and other current assets at September 30, 2013.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

10. Functional Expenses

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

	<u>2013</u>	<u>2012</u>
Health care services	\$306,213	\$292,546
General and administrative	59,447	58,096
Depreciation and amortization	25,047	24,595
Medicaid enhancement tax	16,541	16,175
Interest expense	<u>4,720</u>	<u>4,918</u>
	<u>\$411,968</u>	<u>\$396,330</u>

Fundraising related expenses were \$690 and \$614 for the years ended September 30, 2013 and 2012, respectively.

11. Charity Care and Community Benefits (Unaudited)

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

	<u>2013</u>	<u>2012</u>
Community health services	\$ 2,608	\$ 2,197
Health professions education	4,141	3,573
Subsidized health services	19,338	16,211
Research	89	96
Financial contributions	1,028	1,003
Community building activities	45	365
Community benefit operations	49	49
Charity care costs (see Note 1)	<u>13,405</u>	<u>14,532</u>
	<u>\$40,703</u>	<u>\$38,026</u>

In addition, the Hospital incurred costs for services to Medicare and Medicaid patients in excess of the payment from these programs of \$51,171 and \$61,265 in 2013 and 2012, respectively.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

12. Concentration of Credit Risk

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

	<u>2013</u>	<u>2012</u>
Patients	18%	19%
Medicare	37	34
Anthem Blue Cross	12	16
Cigna	5	6
Medicaid	10	6
Commercial	17	18
Workers' compensation	<u>1</u>	<u>1</u>
	<u>100%</u>	<u>100%</u>

13. Volunteer Services (Unaudited)

Total volunteer service hours received by the Hospital were approximately 36,500 in 2013 and 38,500 in 2012. The volunteers provide various nonspecialized services to the Hospital, none of which has been recognized as revenue or expense in the accompanying consolidated statements of operations.

14. Fair Value Measurements

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

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

14. Fair Value Measurements (Continued)

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

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

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

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

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2013</u>				
Cash and cash equivalents	\$ 41,277	\$ 1,425	\$ –	\$ 42,702
Fixed income securities	52,482	–	–	52,482
Marketable equity and other securities	61,840	43,321	80,648	185,809
Inflation-protected securities and other	11,898	4,941	–	16,839
Trust funds administered by others	–	–	10,678	10,678
	<u>\$167,497</u>	<u>\$49,687</u>	<u>\$91,326</u>	<u>\$308,510</u>
<u>2012</u>				
Cash and cash equivalents	\$ 49,755	\$ 1,425	\$ –	\$ 51,180
Fixed income securities	42,675	–	–	42,675
Marketable equity and other securities	35,623	35,610	69,967	141,200
Inflation-protected securities and other	14,305	–	–	14,305
Guaranteed interest contract	–	2	–	2
Trust funds administered by others	–	–	10,212	10,212
	<u>\$142,358</u>	<u>\$37,037</u>	<u>\$80,179</u>	<u>\$259,574</u>

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

14. Fair Value Measurements (Continued)

The System's Level 3 investments consist of so called alternative investments and trust funds administered by others. The alternative investments consist primarily of interests in limited partnership funds that are not publicly traded. The fair value measurement is based on significant unobservable inputs.

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

A reconciliation of the fair value measurements using significant unobservable inputs (Level 3) is as follows for 2013 and 2012:

	<u>Trust Funds Administered by Others</u>	<u>Alternative Investments</u>
Balance at September 30, 2011	\$ 9,314	\$ 77,792
Sales	—	(15,778)
Net realized and unrealized gains	<u>898</u>	<u>7,953</u>
Balance at September 30, 2012	10,212	69,967
Purchases	—	10,900
Sales	—	(13,167)
Net realized and unrealized gains	<u>466</u>	<u>12,948</u>
Balance at September 30, 2013	<u>\$10,678</u>	<u>\$ 80,648</u>

In accordance with ASU 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, the table below sets forth additional disclosures for investment funds (other than mutual funds) valued based on net asset value to further understand the nature and risk of the investments by category:

	<u>Fair Value</u>	<u>Unfunded Commit- ments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
September 30, 2013:				
Funds-of-funds	\$42,265	\$ —	Monthly	5 – 15 days
Funds-of-funds	38,383	—	Quarterly	45 – 65 days
September 30, 2012:				
Funds-of-funds	\$29,860	\$ —	Monthly	5 – 15 days
Funds-of-funds	31,138	—	Quarterly	45 – 65 days
Funds-of-funds	8,969	—	Annually	60 days

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

14. Fair Value Measurements (Continued)

Investment Strategies

Fixed Income Securities

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

Marketable Equity and Other Securities

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

The System invests in other securities that are considered alternative investments that consist of limited partnership interests in investment funds, which, in turn, invest in diversified portfolios predominantly comprised of equity and fixed income securities, as well as options, futures contracts, and some other less liquid investments. Management has approved procedures pursuant to the methods in which the System values these investments at fair value, which ordinarily will be the amount equal to the pro-rata interest in the net assets of the limited partnership, as such value is supplied by, or on behalf of, each investment from time to time, usually monthly and/or quarterly by the investment manager. These investments are classified as Level 2 or 3, depending on the nature of the underlying assets and valuation methodologies used as reported by the fund managers.

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

Inflation-Protected Securities

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

CONCORD HOSPITAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012
(In thousands)

14. Fair Value Measurements (Continued)

Fair Value of Other Financial Instruments

Other financial instruments consist of accounts and pledges receivable, accounts payable and accrued expenses, estimated third-party payor settlements, and long-term debt and notes payable. The fair value of all financial instruments other than long-term debt and notes payable approximates their relative book values as these financial instruments have short-term maturities or are recorded at amounts that approximate fair value. The fair value of the System's long-term debt and notes payable is estimated using discounted cash flow analyses, based on the System's current incremental borrowing rates for similar types of borrowing arrangements. The carrying value and fair value of the System's long-term debt and notes payable amounted to \$119,712 and \$126,875, respectively, at September 30, 2013, and \$107,233 and \$121,350, respectively, at September 30, 2012.



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate
Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

G&C Approved

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

Date 6/5/13
Item # 102A

102A
50.6% Federal
47.4% General

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug and Alcohol Services, to exercise renewal options with vendors by increasing the price limitations by \$7,596,887 in aggregate from \$7,596,890 in aggregate to \$15,193,777 in aggregate for a continuum of substance abuse treatment services state-wide and extending the completion date from June 30, 2013 to June 30, 2014, effective July 1, 2013 or date of Governor and Council approval, whichever is later.

Summary of contracted amounts by vendor:

<u>Vendor</u>	<u>Amount</u>
Child and Family Services of New Hampshire	\$86,803
Concord Hospital, Inc.	\$74,406
Families First of the Greater Seacoast	\$28,922
Families in Transition	\$332,530
Greater Nashua Council on Alcoholism	\$1,356,945
Headrest, Inc.	\$251,450
Horizons Counseling Center, Inc.	\$189,576
Manchester Alcoholism Rehabilitation Center	\$1,120,599
The Mental Health Center of Greater Manchester, Inc.	\$27,114
Monadnock Family Services	\$97,819
Northern Human Services	\$199,025
Phoenix Houses of New England, Inc.	\$1,457,490
National Council on Alcoholism and Drug Dependence of Greater Manchester	\$432,468
Southeastern New Hampshire Alcohol and Drug Abuse Services	\$1,329,836
Tri-County Community Action Programs, Inc.	\$611,904
TOTAL	\$7,596,887

Funds to support this request are anticipated to be available in the following accounts in SFY 2014 upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts within the price limitation and amend the related terms of the contracts without further approval from Governor and Executive Council.

05-95-49-491510-2989 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, GOVERNOR COMMISSION FUNDS (100% General Funds)

05-95-49-491510-2990 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, CLINICAL SERVICES (34.4% General 65.6% Federal)

Please see attachment for financial details

EXPLANATION

The requested action seeks approval of 15 of 17 agreements that represent \$7,596,887 of the \$7,741,314 total anticipated to be spent state-wide to provide a continuum of substance abuse treatment services via the accounting codes listed. These services include community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children. This request seeks to exercise the renewal option that exists within each of the vendor contracts. The Department anticipates that the remaining two agreements will be presented to Governor and Executive Council on June 19, 2013.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, these contracts will continue to allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

The vendors were originally selected for this agreement through a competitive bid process. This request covers services for the period July 1, 2013 to June 30, 2014, and anticipates exercising the option to renew for one additional year as provided all of the previous vendor contracts, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with the listed vendors in State Fiscal Year 2013 in the amount of \$7,741,314 in the aggregate. This agreement represents level funding of all vendors.

The following performance measures will be used to measure the effectiveness of the agreements:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for I intensive outpatient treatment services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 4 of 4

Contractors, with the exception of those agencies that only offer outpatient services, are required to develop the capacity for group recovery support aftercare services for a minimum of 25% of the number treatment clients (including outpatient and transitional living program clients) they are under contract to serve. Group recovery support aftercare services are services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Recovery Support Services include, but are not limited to, guidance in financial management, parenting, vocational training, life management and spiritual counseling as well as transportation and child-care. These group recovery support services are for clients discharged from substance use disorder treatment services provided under contract with the Bureau of Drug and Alcohol Services on behalf of the Department, which may include clients that had received SUD treatment from the Contractor or a different agency. Contractors are only allowed to access these services for their clients or clients that had received substance use disorder treatment from a different agency through the statewide care coordination program under agreement with the Bureau of Drug and Alcohol Services on behalf of the Department.

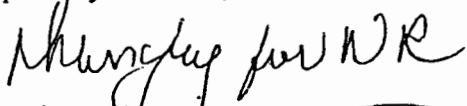
All treatment programs under contract with the Bureau of Drug and Alcohol Services on behalf of the Department are required to report on the National Outcome Measures (see attached) established by the Substance Abuse and Mental Health Services Administration, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the Electronic Health Record/Web Infrastructure Treatment System. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions. The Contractor is expected to meet or exceed these percentages as measured by the Electronic Health Record/Web Infrastructure Treatment System.

Area served: State-wide

Source of Funds: 52.6% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant and 47.4% General .

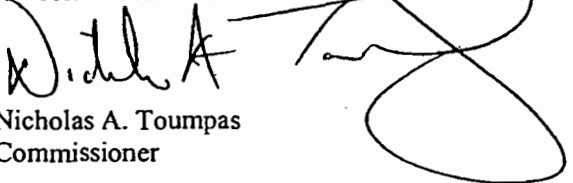
In the event that the Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate
Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

May 25, 2012

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

Approved by: G+C
Date: 6/20/12
Item No.: 106
Contract No.: 1024229

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug & Alcohol Services, to enter into an agreement with Concord Hospital, Inc. (Vendor #177653 B014), 250 Pleasant Street, Concord, NH 03301, to provide for a continuum of substance abuse treatment services, in an amount not to exceed \$74,406.00 to be effective July 1, 2012 or date of Governor and Council approval, whichever is later, through June 30, 2013. Funds are available in the following accounts for State Fiscal Year 2013:

05-95-95-958410-5365 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, ALCOHOL AND OTHER TREATMENT

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95846501	\$34,223.00
			Subtotal	\$34,223.00

05-95-95-958410-1388 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT AND PREVENTION, GOVERNOR

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95848501	\$16,693.00
			Subtotal	\$16,693.00

05-95-95-958410-1387 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, TREATMENT-PREVENTION-STATE

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95841387	\$23,490.00
			Subtotal	\$23,490.00
			Total	\$74,406.00

EXPLANATION

The purpose of this agreement is to provide a continuum of substance abuse treatment services such as community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children, in the Concord area.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, this contract will allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

In addition, the New Hampshire Medical Examiner's office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

Concord Hospital, Inc. was selected for this agreement through a competitive bid process. A Request for Proposals was posted on the Department's web site on March 6, 2012 through April 2, 2012. In addition, a bidder's conference was held on March 12, 2012.

A total of 19 proposals were received. A review committee of three professionals reviewed each proposal. All reviewers have between three to twenty years experience managing agreements with vendors for various public health programs. Areas of specific expertise include: maternal and child health; substance abuse prevention and treatment; chronic and communicable diseases; and public health infrastructure. Eighteen of the proposals were selected for funding based on review criteria that included availability of funds, consistency with stated funding priorities, technical score, and equitable geographic distribution. The agency that was not selected did not meet the minimum scoring criteria established for funding. The Bid Summary is attached.

This request covers services for the period July 1, 2012 to June 30, 2013, with an option to renew for one additional year, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with this agency in State Fiscal Year 2012 in the amount of \$74,406.00. This agreement represents level funding.

The following performance measures will be used to measure the effectiveness of the agreement:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services (OP)
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services (IOP) – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for IOP services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

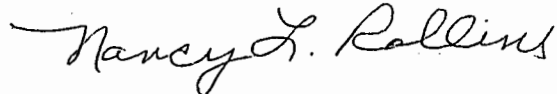
Area served: Concord.

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
May 25, 2012
Page 4 of 4

Source of Funds: 45.99% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant, 50.85% General Funds and 3.16% Other (Highway) Funds.

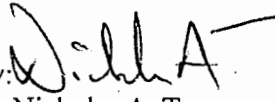
In the event that the Federal or Other Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner

NLR/ljp

Program Name
Contract Purpose
RFP Score Summary

CAIRFP CRITERIA		Max Pts																			
Experience and Capacity	Approach	15	14.00	13.00	15.00	13.00	13.00	11.00	12.00	12.00	14.00	15.00	13.00	15.00	12.00	13.00	12.00	15.00	12.00	13.00	10.00
	Budget	50	42.00	46.00	48.00	47.00	39.00	41.00	47.00	42.00	46.00	40.00	43.00	48.00	42.00	45.00	42.00	48.00	38.00	42.00	27.00
Financial Sustainability	Approach	25	24.00	25.00	23.00	24.00	23.00	18.00	20.00	22.00	18.00	25.00	19.00	24.00	22.00	16.00	22.00	22.00	23.00	23.00	16.00
	Budget	10	7.50	8.30	9.00	10.00	7.00	0.00	7.50	6.90	8.30	9.50	9.00	6.50	9.50	7.20	7.20	6.50	7.50	8.30	5.60
Total		100	88.00	92.00	97.00	97.00	90.00	70.00	82.00	86.00	84.00	88.00	89.00	82.00	97.00	81.00	83.00	93.00	81.00	87.00	58.00

BUDGET REQUEST	\$120,286	\$85,000	\$77,207	\$406,796	\$2,221,666	\$47,050	\$116,428	\$1,750,112	\$285,000	\$245,963	\$30,000	\$153,454	\$244,501	\$2,615,553	\$513,951	\$1,329,836	\$37,567	\$747,691	\$930,630
BUDGET AWARDED	\$56,803	\$74,406	\$28,921	\$322,530	\$2,221,666	\$37,038	\$96,941	\$1,750,112	\$285,000	\$245,963	\$30,000	\$153,454	\$244,501	\$2,615,553	\$513,951	\$1,329,836	\$37,567	\$747,691	\$930,630

RFP Reviewers

Name	Job Title	Dept/Agency	Qualifications
1 Tym Rourke	Sub. Use Disorders	Grantmaking/GC	Reviewers have
2 Pamela Sullivan	Youth Counselor	SYDC	between 3-20 years
3 Heidi Young	Program Specialist	DCYF	experience managing
4 Bernie Bluhm	Prog. Planner/Rev. Spec.	Family Services	agreements with
5 Alan West, Ph.D.	Psychologist/VA	TX/Co-occurring	vendors for various
6 Mary Miller	Prog. Spec. IV	OCPH	DHHS and DOC
7 Michelle Ricco	Prog. Spec. IV	DPHS	programs. Areas of
8 Kathleen Hessefort	Internal Auditor I	BDAS/FBO	specific expertise
9 Linda Keller	Administrator I	BDAS-RAD	include Maternal and
10 Michael Lawless	Prog. Spec. IV	BDAS/CSU	Child Health;
11 Bruce Blaney	Regional Coordinator	BDAS-CSU	Substance Abuse
12 Jim Shanellaris	Administrator I	BDAS-FBOU	
13 Linda Parker	Prog. Spec. IV	BDAS-CSU	
14 Rosemary Shannon	Administrator I	BDAS-CSU	
15 Rob O'Hannon	ATR Prog. Spec.	BDAS/ATR	
16 Joanne Powers	Tx&Rec. Serv. Coord.	BDAS/ATR	
17 John Sweeney	Systems Dev.	BDAS/IT	
18 Michael Rodgers	Assistant Administrator	BDAS	
19 Jeffrey Metzger	Sr. Mngt. Analyst	BDAS/PSU	
20 Ann Crawford	Regional Coordinator	BDAS/PSU	
21 Valerie Morgan	Administrator I	BDAS/PSU	



**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services**

**State of New Hampshire
Department of Health and Human Services
Amendment #2 to the Substance Use Disorder Treatment and Recovery Support Services
Contract**

This 2nd Amendment to the Substance Use Disorder Treatment and Recovery Support Services contract (hereinafter referred to as "Amendment 2") dated this 15th day of May 2014, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Families First of the Greater Seacoast (hereinafter referred to as "the Contractor"), a non-profit corporation with a place of business at 100 Campus Drive, Suite 12, Portsmouth, NH 03801.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on June 20, 2012, (item # 100)and amended by an agreement (Amendment #1 to the Contract) approved on June 5, 2013, (Item # 102A), 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, the State may amend the Contract by written agreement of the parties; and;

WHEREAS, the parties agree to extend the current contract by one year.

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:

- 1) Amend Form P-37, Block 1.6 to read:
 - a) 05-95-49-491510-29890000-102-500734
 - b) 05-95-49-491510-29900000-102-500734
- 2) Amend Form P-37, Block 1.7 to read June 30, 2015.
- 3) Amend Form P-37, Block 1.8 to read \$86,766
- 4) Delete Exhibit A and replace with Exhibit A Amendment #2
- 5) Delete Exhibit B and replace with Exhibit B Amendment #2



New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services

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

5/28/14
Date

Sh L Rock
NAME
TITLE Director

Families First of the Greater Seacoast

5/21/14
Date

Helen B. Taft
NAME Helen B. Taft
TITLE Executive Director/President

Acknowledgement:

State of New Hampshire, County of Rockingham on 5/21/14, 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

Nancy Casco Notary
Name and Title of Notary or Justice of the Peace

My Commission Expires March 7, 2017



New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services

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

OFFICE OF THE ATTORNEY GENERAL

6-2-14
Date

Rosemary Wiaat
Name: *Rosemary Wiaat*
Title: *Assistant Attorney General*

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:

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

Scope of Services

A. Population Served

Services are available to New Hampshire residents who meet diagnostic, financial, and other eligibility criteria for Department of Health and Human Services supported substance use disorder services as defined in Section C, Clients Eligible for Treatment Services.

B. The Contractor shall provide treatment services as identified below:

Service Table - An "X" denotes that the Contractor shall provide that service(s) to eligible individuals in accordance with all applicable laws, rules, and regulations and terms and conditions of this Agreement.

Required Services	Treatment Services
	Outpatient Treatment (ASAM Level 1) - Substance abuse treatment services provided in individual and group counseling sessions in a non-residential setting. Clients may be enrolled in outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Outpatient Treatment (ASAM Level 1) – Pregnant & Parenting Women – Outpatient Treatment as identified above provided to pregnant & parenting women.
	Intensive Outpatient Treatment (ASAM Level 2.1) – A combination of individual and group substance abuse treatment services conducted in an outpatient setting for a minimum of 3 hours of direct client treatment services per day for a minimum of three days per week. Clients receiving less than this level of service should be enrolled in an outpatient program. Clients may be enrolled in intensive outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – Pregnant & Parenting Women - Intensive Outpatient Treatment as identified above provided to pregnant & parenting women.
	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Residential substance abuse treatment services are designed to support individuals in the early stages of recovery that need this residential level of care and/or are homeless. The goal of these programs is to prepare clients to become self-sufficient in the community. Clients may be enrolled in low-intensity residential treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days. Residents typically work in the community and may pay a portion of their room and board.
	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Pregnant Women - Low-Intensity Residential Treatment as identified above provided to



Exhibit A Amendment #2

	pregnant & parenting women.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Short-term residential substance abuse treatment designed to assist individuals who require a more intensive level of service in a structured setting and/or individuals that may be homeless. Admission is on a voluntary basis. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Pregnant Women - High-Intensity Residential – Adult and Medium Intensity Residential – Adolescent as identified above provided to pregnant women.
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5) - Residential treatment services for pregnant and parenting women and their children. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
	Recovery Support Services: Group or individual services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Examples of recovery support services include, but are not limited to: assisting clients with enrollment in Medicaid, the New Hampshire Health Protection Program (NHHPP), or private insurance, anger management, financial management, communication skills, spiritual support, parenting skills, health management, case management, organization and time management, recovery coaching, recovery mentoring, stress management, and vocational services. Programs may focus on a single recovery support service or provide a curriculum that includes an array of recovery support services. Types of Recovery Support Services are listed below:
	Continuous recovery monitoring services are regular follow-ups with clients to assess the status of the client's recovery, identify any needs the client may have and help the client to address those needs, and provide early intervention for client's who have relapsed or who's recovery is otherwise at risk.
	Enhanced Services are specialized services that remove barriers to a client's participation in treatment. Examples of these services are child care while a parent is participating in treatment or transportation to and/or from the treatment site.
X	Recovery Support Services as identified above provided to pregnant & parenting women.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

C. Required Services

Priority Admission:

- 1) The Contractor shall give admission preference to pregnant women and women with dependent children, even if the children are not in their custody, as long as parental rights have not been terminated, including the provision of interim services within the required 48 hour time frame.
- 2) Individuals with a history of injection drug use including the provision of interim services within 14 days.
- 3) Individuals with a primary diagnosis of a substance use disorder, which may also include a co-occurring mental health disorder.
- 4) Individuals on medication-assisted treatment for co-occurring substance abuse and mental health disorders or various opiate replacement therapies, including, but not limited to, methadone, buprenorphine and naltrexone.

Required Outreach:

New Hampshire Department of Health & Human Services (DHHS) programs receiving federal treatment Block Grant funds requires that Contractors must publicize services available to pregnant or parenting women and injection drug users in need of substance abuse treatment and that these individuals receive preference for admission to treatment. This may be done as follows, but is not limited to, street outreach programs, ongoing public service announcements (radio/television), regular advertisements in local/regional print media, posters placed in targeted areas, and frequent notification of availability of such treatment distributed to the network of community based organizations, health care providers and social service agencies. The Contractor will submit their outreach plans to DHHS through the Bureau of Drug and Alcohol Services (BDAS) within 60 days of contract effective date.

Health Facilities Administration Licensing Requirements:

Housing programs with substance abuse treatment services at the same location will need to secure necessary licensing as a Residential Rehabilitation Facility by the DHHS Bureau of Health Facilities Administration, as appropriate, see He-P 807 at the following link: (http://www.gencourt.state.nh.us/rules/state_agencies/he-p800.html). Any contractor with an American Society of Addiction Medicine (ASAM) (October 2013) Level 3.3 or higher level program must secure this licensing for all Level 3 programs housed within the same facility as the Level 3.3 program. In the case of residential treatment and housing at the same site, residential programs should plan to treat no more than 16 pregnant or parenting women at any given time to comply with federal Medicaid restrictions on Institute for Mental Diseases (IMD) exclusion criteria. This restriction would not apply to programs in which the client's residence is in a separate location from the treatment program.

Capacity Reporting:

The Contractor must contact BDAS, as agent for DHHS, when their capacity has reached 90% within 5 business days. The Contractor must refer pregnant women to the State when the Contractor has insufficient capacity to provide services to any such pregnant women who seek the services of the program. Sending e-mail to the BDAS Clinical Services Unit Administrator may complete this notification process.



Exhibit A Amendment #2

Access to Services:

The Contractor shall respond to calls requesting treatment and/or transitional living program services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within 2 business days following the day the call was received.

The Contractor is required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.

Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client should be referred to a DHHS funded provider where they are able to access interim services.

Contractors receiving grant funds from DHHS will not discriminate against clients who are using legitimate medications to assist their recovery and will not have policies that allow them to refuse admission to treatment or to discharge clients from treatment based on the use of appropriately prescribed medications and various opiate replacement therapies, including, but not limited to, methadone and buprenorphine, as well as other forms of medication-assisted treatment for co-occurring substance abuse and mental health disorders.

Clients Eligible for Treatment Services:

In order to be eligible for DHHS supported services, a client must meet all eligibility criteria described below. Eligibility determination shall be conducted as follows:

1. Substance Use Disorder, Financial Eligibility & Residency Screening: The contractor shall complete the eligibility screening module in the Web Information Technology System (WITS) to determine if the client meets residency, financial, and substance use disorder potential eligibility requirements:
 - a. Residency: The client must be a resident of New Hampshire or homeless in New Hampshire to be eligible for DHHS supported services; and
 - b. Financial Eligibility: The client's income must be below 400% of Federal Poverty Level (FPL) to be eligible for DHHS supported services based on the sliding fee scale described below. Once the screening has been completed, the contractor shall print the associated attestation and have the client sign this document. A copy of the signed attestation shall be maintained in the client file. The client's financial eligibility shall be reassessed no less than every 120 days.; and
 - c. Potential for a Substance Use Disorder: The client must screen positive for a potential substance use disorder to be eligible for DHHS funded services.
2. Evaluation: The contractor shall conduct a full substance abuse evaluation, which includes administration of either the Addiction Severity Index (ASI) in WITS or Global Appraisal of Individual Needs (GAIN).
 - a. Substance Use Disorder: This evaluation shall be used to determine if the client meets Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM5) criteria for a substance use disorder. Clients who meet DSM5 criteria for a substance use disorder are eligible for DHHS funded services. Client who do not meet these criteria are not eligible for DHHS funded services.



Exhibit A Amendment #2

- b. Level of Care: For clients who have met all other eligibility requirements, this evaluation shall be used to determine the appropriate level of care for the client based on ASAM (October 2013) criteria. The client is eligible for DHHS funded services at the assessed level of care unless such a level of care is unavailable or the client chooses to enter a lower level of care. If the assessed level of care is unavailable, the client may choose to enter the next higher level of care.
3. Medicaid/NHHPP Eligibility: The contractor shall determine whether or not the client is eligible for Medicaid/NHHPP coverage for the identified level of care. If the client is not eligible for Medicaid/NHHPP coverage for the identified level of care, the client may be eligible for DHHS funded services. If the client is eligible for Medicaid/NHHPP coverage for the identified level of care, the client is not eligible for DHHS funded services.
4. Insurance Coverage: The contractor shall determine whether or not the client has insurance that will cover services at the identified level of care. If the client does not have insurance that will reimburse for these services at a rate equal to or greater than the DHHS rate, the client is eligible for DHHS funded services. If the client has insurance that will reimburse for these services at an amount equal or greater to the DHHS reimbursement rate, the client is not eligible for DHHS funded services. The contractor may not charge the combination of the client, any 3rd party payor, and DHHS more than the maximum charge allowed. These parties shall be charged in the following order:
 - a. The maximum allowed charge will be billed to the client's insurer, if applicable.
 - b. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
 - c. The balance of the maximum allowed charge after deducting the client's portion and the insurance payment, if applicable, shall be charged to DHHS.

Sliding Fee Scale:

The contractor shall not charge the combination of the client, any 3rd party payor and BDAS an amount greater than the maximum rate allowed for each service. All reasonable efforts shall be made to collect payment of bills. A client's inability to pay shall not preclude admission to the program and treatment.

- Client Income is 0% - 138% of FPL: 100% of the allowed charge less any amount paid for by insurance.
- Client Income is 139% - 149% of FPL: 92% of the allowed charge less any amount paid for by insurance.
- Client Income is 150% - 199% of FPL: 88% of the allowed charge less any amount paid for by insurance.
- Client Income is 200% - 249% of FPL: 75% of the allowed charge less any amount paid for by insurance.
- Client Income is 250% - 299% of FPL: 60% of the allowed charge less any amount paid for by insurance.
- Client Income is 300% - 349% of FPL: 43% of the allowed charge less any amount paid for by insurance.
- Client Income is 350% - 399% of FPL: 33% of the allowed charge less any amount paid for by insurance.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

With respect to minority age individuals, a minor child shall not be denied services as a result of the parent's unwillingness to pay the fee or the minor child's decision to receive confidential services pursuant to RSA 318-B:12-a.

Waiting List Management:

When a person who is pregnant or an injection substance abuser seeks treatment and there are no appropriate treatment services available within the required time frame as outlined below, interim services **must** be made available. The Contractor agrees to maintain the wait list management system in WITS that includes a unique patient identifier and include information on dates of requests for admission to treatment, provision of interim services and source for those services, referrals made for treatment or interim services, and disposition of clients on the waiting list.

- The waiting list must contain a mechanism that identifies and counts the number of applicants who present and are determined to be appropriate for substance abuse treatment but are unable to be placed as there is no capacity;
- Maintain contact with individuals awaiting admission; and,
- Admit or transfer waiting list clients at the earliest possible time to an appropriate treatment program within a reasonable geographic area.

The Contractor shall remove a client awaiting treatment from the waiting list only when one of the following conditions exists:

- Such persons cannot be located for admission into treatment *or*
- Such persons refuse treatment.

Specific Interim Services for Pregnant Women, Women with Dependent Children and Injection Drug Users:

The Contractor agrees to contact the BDAS Clinical Services Unit if a pregnant women and women with dependent children or individuals with a history of injection drug use, cannot be accepted into treatment within specific time frames, and agrees that interim services will be provided or facilitated by the Contractor. Interim services for pregnant women must include counseling on the effects of alcohol and drug use on the fetus, referrals for prenatal care, and counseling and education about HIV and tuberculosis. Interim services for injection drug users must also include counseling and education in the risks of needle sharing, about the risks of transmission to sexual partners and infants, and referral for HIV, Hepatitis C and tuberculosis screening/testing. All interim services shall be documented in the client's clinical record in the WITS system.

Interim Services for other Clients:

The Contractor shall provide, or refer the client to, interim services until level of service identified in the level of care assessment is available and/or the client is willing and assessed as being sufficiently motivated to take advantage of the proposed level of service or interim services. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client shall be referred to a DHHS funded provider where they are able to access interim services.

Services to pregnant and parenting women:

The Contractor further agrees that childcare will be made available to women who are in treatment with their dependent children, either through on-site care or through arrangements with an off-site legal childcare provider. Other services required are as follows:



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- The family is treated as a unit and, therefore, admits both women and their children into treatment services, if appropriate.
- The Contractor shall provide or arrange for primary medical care for women who are receiving substance abuse services, including prenatal care.
- The Contractor shall provide or arrange for childcare while the women are receiving services even if the children are not in their custody, as long as parental rights have not been terminated.
- The Contractor shall provide or arrange for primary pediatric care for the women's children, including immunizations.
- The Contractor shall provide or arrange for gender-specific substance abuse treatment and other therapeutic interventions for women that may address issues of relationships, sexual abuse, physical abuse, and parenting, and childcare while the women are receiving these services.
- The Contractor shall provide or arrange for therapeutic interventions for children in custody of women in treatment, which may, among other things, address the children's developmental needs, their issues of sexual and physical abuse, and neglect.
- The Contractor shall provide or arrange for sufficient case management and transportation services to ensure that the women and their children have access to the services provided for above.
- If a pregnant, pregnant injection drug using or Injection Drug Using person refuses treatment or says (s)he is not interested in treatment, the wait list report shall be completed with the engagement activities attempted.
- If a pregnant, pregnant injection drug using or Injection Drug Using person no shows or cancels treatment, interim services must be provided, as stipulated above and the wait list report shall be completed that demonstrates the activities of follow up, engagement and substance abuse treatment services offered.

Relationship(s) with Primary Health Care:

The Contractor shall arrange and coordinate services and exchange of information with other health care providers and agencies which:

- Identifies the client's current Primary Care Provider (PCP) at screening and/or intake.
- If the client has no current PCP, the Contractor shall identify available provider(s) in the client's local area such as a federally qualified community health center, community health center, or other local health services.
- Obtains client/patient authorization to communicate with PCP office.
- If no authorization is completed initially, the Contractor shall educate client as to the importance of engaging the PCP in ongoing care and address the client's concerns as part of treatment, with goal of obtaining authorization before discharge.
- Sends the discharge summary to PCP and offers to discuss recovery issues with the provider.
- Arranges (or has the client arrange) a post-discharge appointment with PCP for the client/patient for follow-up of the substance use disorder.

Tobacco Cessation:

The Contractor shall have policies and procedures for both client and Contractor staff, that not only creates a tobacco-free environment as required by law, but to offer tobacco cessation tools and programming. Tobacco use, in and of itself, shall not be grounds for administrative discharge from the program. Initially, all clients shall be assessed for motivation in stopping the use of tobacco products. Providers may tap into resources such as the DPHS Tobacco Prevention & Control Program (TPCP) and

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the certified tobacco cessation counselors available through the QuitLine. Other resources for providers include:

Breathe New Hampshire
145 Hollis St., Unit C
Manchester, NH 03101
603-669-2411 (phone) or 1-800-835-8647

The New Hampshire Medicaid program covers:

- Nicotine Replacement Therapy (NRT) Gum,
 - NRT Patch,
 - NRT Nasal Spray,
 - NRT Lozenge,
 - NRT Inhaler,
 - Varenicline (Chantix),
 - Bupropion (Zyban),
 - Group Counseling and/or
 - Individual Counseling. Up to 12 individual counseling sessions are covered per year through a mental health provider (Note: These sessions would NOT be in addition to other mental health counseling sessions under Medicaid). Pregnant women also have the option of group counseling.
- For more information, visit the website at:
<http://www.dhhs.state.nh.us/DHHS/MEDICAIDPROGRAM/default.htm>

Tuberculosis:

The Contractor shall make available tuberculosis services (defined as screening, counseling, testing, and treatment) directly, or through other providers, to each client receiving treatment. In the case of an individual denied admission due to lack of capacity, the substance abuse treatment Contractor will refer the individual to another provider of tuberculosis services if appropriate. All Contractor providing residential services shall make available, either on-site or through agreements with health care providers, tuberculosis services, including screening, testing, counseling and referral for medical treatment.

Physical location and facilities:

For the purpose of providing the services described in Section II of the Scope of Services, the Contractor shall obtain and maintain a suitable space complying with all fire, health, and safety codes to include handicapped accessibility and being wheelchair accessible.

The Contractor shall obtain written prior approval of DHHS, acting through BDAS, before entering into any agreement concerning relocation of the service site.

Culturally and Linguistically Appropriate Standards of Care:

DHHS recognizes that culture and language have considerable impact on how consumers access services. Culturally and linguistically diverse populations experience barriers in efforts to access services. To ensure equal access to quality services, DHHS expects that Contractors shall provide culturally and linguistically appropriate services according to the following guidelines:

1. Assess the ethnic/cultural needs, resources and assets of their community.
2. Promote the knowledge and skills necessary for staff to work effectively with consumers with respect to their culturally and linguistically diverse environment.

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3. When feasible and appropriate, provide clients of Limited English Proficiency (LEP) with interpretation services. Persons of LEP are defined as those who do not speak English as their primary language and whose skills in listening to, speaking, or reading English are such that they are unable to adequately understand and participate in the care or in the services provided to them without language assistance.
4. The Contractor is responsible for reasonable accommodations in arranging for interpreter services for hearing impaired clients.
5. The Contractor offers consumers or clients a forum through which those individuals have the opportunity to provide feedback to the Contractor regarding cultural and linguistic issues that may deserve response.

Compliance with State and Federal Laws:

The Contractor is responsible for compliance with all relevant state and federal laws. Special attention is called to the following statutory responsibilities:

1. All services provided pursuant to this Contract shall be subject to the most current proposed or formalized rules and regulations promulgated by DHHS, pursuant to RSA 541-A.
2. The Contractor shall maintain adherence to federal and state confidentiality laws specifically: 42 CFR Part 2B, N.H. RSA 318 B:12 and N.H. RSA 172:8-A and the Health Insurance Portability and Accountability Act (HIPAA): <http://www.hhs.gov/ocr/privacy/>
3. The Contractor shall meet the standards outlined in NH Administrative Rule He-A 300, Certification and Operation of Alcohol and other Drug Disorder Treatment Programs. This administrative rule is currently expired and under revision. The Contractor should plan to meet the requirements as outlined in the expired rule until the revisions are completed. He-A 300 can be viewed on the RFP link to this document <http://www.dhhs.nh.gov/business/rfp/index.htm>.
4. The Contractor shall, upon the direction of the State, provide court-ordered evaluation in their catchment area and a sliding scale fee shall apply and the inability to pay shall not interfere with the completion and submission of the court-ordered evaluation and shall, upon the direction of the State, offer treatment to those individuals pursuant to RSA 172:13.
5. Contractors considering research, including research conducted by student interns, using individuals served by this contract as subjects must adhere to the legal requirements governing human subjects' research. Contractors must inform the DHHS via contact with BDAS prior to initiating any research involving subjects or participants related to this contract. In addition, research conducted on subjects served by this contract may need to be approved by the New Hampshire Department of Health & Human Services Committee for the Protection of Human Subjects (NH DHHS CPHS) see <http://www.dhhs.nh.gov/irb/>

Client Stabilization:

The Contractor will be expected to arrange for medical clearance for all clients receiving treatment services supported by DHHS administered by BDAS to assure that they are not at risk for acute withdrawal from alcohol and certain drugs. The Contractor shall be expected to provide a range of integrated services that include withdrawal management services that follow detoxification guidelines outlined in Treatment Improvement Protocol (TIP) #45, Detoxification and Substance Abuse Treatment and ASAM guidelines.

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Clinical Services:

The Contractor shall provide the following:

- a. A minimum of one (1) substance abuse counselor on site each day of the week during primary treatment hours. The substance abuse counselor shall have a bachelor's degree or equivalent in social work/psychology, guidance or nursing and/or a certificate in the field of addiction studies from an approved educational institution or educational/life experience.
- b. A minimum of one (1) substance abuse support staff on site each day of the week during all hours not covered by a substance abuse counselor. The substance abuse support staff must have a high school or General Equivalency Diploma (GED). Preference is given to individuals who have completed additional courses or taken training in substance use disorders or other health fields.
- c. An intake/admission coordinator on site Monday through Friday of each week. The intake/admission coordinator shall have one (1) years' work experience in the field of addiction studies.
- d. A full-time Executive Director, not filling any of the positions described above.

Evaluation:

The contractor shall conduct a full substance abuse evaluation, which includes administration of either the ASI or GAIN to determine eligibility for services. This evaluation must be updated every 120 days or when the client transitions to a different level of care.

Assessment of Risk for Self-Harm/Suicide: The Contractor shall have policies and practices for assessing risk of self-harm at all phases of treatment, such as at initial contact, during screening, intake, admission, on-going treatment services and at discharge, and a process for referral when necessary to include referrals to mental health services.

The Contractor shall develop policies, programs and protocols in accordance with SAMHSA guidelines as outlined in the Treatment Improvement Protocols (TIPs) and Technical Assistance Publications (TAPs). These publications can be downloaded from <http://www.kap.samhsa.gov/products/manuals/index.htm>.

Use of Best Practices: The Contractor is required to use the Addiction Severity Index (ASI) or Global Appraisal of Individual Needs (GAIN) assessment tools, the SAMHSA/NIDA MATRS treatment-planning model and the WITS electronic case management system.

Care Coordination:

The Contractor is required to assess each client's need/appropriateness for residential transitional living services and to **refer all clients for care coordination services** made available through the Access to Recovery (ATR) initiative administered by the BDAS so long as this initiative remains available on behalf of DHHS that would commence following the initial course of treatment. Contractors are required to address motivational issues with clients for them to participate effectively in the care coordination and recovery support services. Contractors are required to have clients sign the "ATR Client Participation Agreement" (made available by BDAS), indicating that they either agree or opt out of participating in these services. The contractor will facilitate all clients who agree to participate in these services to complete the Client Participation Agreement and upon obtaining a signed release of information, refer clients to an ATR Care Coordinator Program at least two weeks prior to anticipated date of discharge (dis-enrollment) from services. Assessing the need for aftercare services is expected to take place while

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the client is involved within the most recent episode of care, with a referral being made and accepted by the care coordination service prior to the client being discharged.

The Contractor must provide the following for use by the care coordination program:

- Private space for interviewing/meeting with clients.
- Access to internet (either wired or wireless) in the meeting space
- Telephone in the meeting space and
- A contact person at the Contractor's site for logistics.

It is the expectation of the BDAS at DHHS that, upon completion of appropriate signed releases, the Contractor will provide the care coordination program with necessary information from the clinical record (evaluation, treatment plan, progress notes, etc.) for the care coordination program to develop a service plan with the client.

All alcohol and other drug treatment providers under contract with the BDAS on behalf of DHHS are required to address with all clients, the need for continuing services. This includes clinically managed low-intensity treatment programs under contract with the BDAS on behalf of DHHS as well as care coordination and recovery support services made available through DHHS contracted providers; the ATR initiative administered by BDAS, so long as this initiative remains available; and/or any other resources that become available to pay for these services that would commence following the initial course of treatment. The referral for these services should take place prior to discharge from the initial course of treatment.

Relevant Policies and Guidelines:

The services provided for in this agreement shall be in addition to the services provided for in any other agreement between the State of New Hampshire, any of its agencies, or any of its officers, and the Contractor.

Without limiting the generality of any other provisions of this agreement, the Contractor shall cooperate fully with, and answer all questions of representatives of the State conducting any periodic or special review of the performance of the Contractor or any inspection of the facilities of the Contractor.

Publications Funded Under Contract:

All products produced under this contract are in the public domain. All products (written, video, audio) produced, reproduced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution, or use. The Contract shall credit DHHS on all materials produced under this contract.

Student Internships:

The Contractor shall establish policies and procedures related to student interns that address minimum coursework, experience and core competencies for those interns having direct contact with individuals served by this contract. Student interns shall complete an approved ethics course prior to beginning the internship.

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Staff Licensing Requirements:

The ratio of licensed to non-licensed service providers shall be as follows:

Agencies must have at least one Licensed, or Masters Licensed, Alcohol and Drug Counselor (LADC/MLADC) for each two unlicensed counselors providing substance abuse treatment services and a sufficient number of MLADCs or LADCs with the Licensed Clinical Supervision (LCS) credential to adequately provide for clinical supervision of all clinical staff. This requirement shall be met by the Contractor no later than six (6) months after the date of the Contract effective date.

Updated resumes, which clearly indicate the staff member is employed by the Contractor, including current positions of staff supported by funds provided through this Contract, shall be forwarded to the BDAS as agent for DHHS. The documentation shall include a copy of the New Hampshire Alcohol and Drug Counselor License.

Staff Certification Requirements:

In addition to the requirements for LADCs, all Contractor milieu staff in residential settings and transitional living programs and staff providing recovery support aftercare group services shall be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification under RSA 330-C (<http://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XXX-330-C.htm>). Certification must be completed within six (6) months of the contract's approval date.

Staff providing recovery support services are expected to be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification. Peer recovery support services made available through Recovery Community Organizations (RCOs), under agreement with BDAS on behalf of DHHS, shall be provided by individuals certified by those organizations (CRSW not required for peer recovery support services).

Supervision:

Ongoing clinical supervision will include weekly discussion of cases with suggestions for resources or therapeutic approaches, co-therapy, and periodic assessment of progress. When enough candidates are under supervision, group supervision may be included to help optimize the learning experience.

The content of supervision must include knowledge, skills, values, and ethics with specific application to the practice issues faced by the supervisee, including the core functions as described in the Twelve Core Functions of Alcohol and Drug Counseling.

The content of supervision must also include the standards of practice and ethical conduct, with particular emphasis given to the counselor's role and appropriate responsibilities, professional boundaries, and power dynamics.

Staffing Changes:

BDAS as agent for DHHS shall be notified of changes in key personnel with updated resumes that clearly indicate the staff member is employed by the Contractor submitted within five (5) working days. Key personnel are those staff for whom at least 10% of their work time is spent providing alcohol or other drug abuse treatment services.

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1. New Hires: The Contractor shall notify BDAS on behalf of DHHS in writing within one month of hire when a new administrator or coordinator or any staff person essential to carrying out this scope of services is hired to work in the program. A resume of the employee, which clearly indicates the staff member is employed by the Contractor, shall accompany this notification.

2. Vacancies: The Contractor shall notify BDAS on behalf of DHHS in writing within 14 calendar days, if at any time, any site funded under this agreement does not have adequate staffing to perform all required services for more than one month.

Other Requirements:

The Contractor shall attend trainings and/or meetings as requested by DHHS.

ATR and Recovery Support Services:

All DHHS funded treatment and recovery support service providers must also be approved Access to Recovery (ATR) providers, so long as the ATR initiative remains available, as this will be the source of funding for these recovery support services through the Voucher Management System (VMS). Information on becoming an ATR provider can be found on the DHHS website: <http://www.dhhs.nh.gov/dcbcs/bdas/atr/becomingprovider.htm>

Regional Network Participation:

The Contractor will designate administrative level staff to regularly participate in the Regional Network and contribute to overall regional network strategic planning, monitoring, evaluation, and cross systems communication efforts. The Contractor is highly encouraged to serve on one of the work groups and contribute to data collection, regional strategic planning and evaluation. Participation will be measured by the annual Partner Survey (<http://www.partnertool.net/>) administered by NH Center for Excellence under contract with BDAS as agent for DHHS.

Performance Measures:

All treatment programs under contract with BDAS on behalf of DHHS are required to report on the National Outcome Measures (NOMs) established by the SAMHSA, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the WITS (electronic case management) system. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions.

Data and Reporting Requirements:

1. Without limiting the generality of any other provisions of this agreement, the Contractor shall provide any periodic or special reports required by the DHHS.
2. The Contractor shall notify BDAS, as an authorized agent of DHHS, whenever the Contractor has reached ninety percent capacity to admit new clients. In addition the Contractor shall have a waiting list management policy in accordance with the SAPT Block Grant requirements. This 90% notification process will become automatic when this operation is fully functional in WITS.
3. The Contractor shall notify DHHS through BDAS, within one working day, if sufficient capacity is not available to provide treatment services to a pregnant woman, parenting woman or injection drug user within the required time frames and a referral elsewhere is not successful and interim services cannot be provided.

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4. The Contractor shall comply with all research and/or information systems development activities for the electronic case management/Web Information Technology System (CM/WITS) conducted by, or authorized by, DHHS.
5. The Contractor shall administer any client surveys, client evaluations including the addiction Severity Index (ASI) or the Global Appraisal of Individual Needs (GAIN), client treatment outcome instruments, the M.A.T.R.S. Treatment Planning Tool, as required by DHHS.
6. The Contractor must have the ability to communicate and submit required reports via the Web-based submission system and/or e-mail, for treatment and recovery support services and interim services. All required clinical and documentation activities shall be entered in WITS unless specifically granted an exception by BDAS on behalf of DHHS.

Critical Incident/Sentinel Event Reporting:

The Department's Sentinel Event policy is contained in the following link:
<http://www.dhhs.nh.gov/dcbcs/sentinel.htm>

Division of Community Based Care Services (DCBCS) Sentinel Event Notification:

The preceding events require the immediate verbal notification to the BDAS Assistant Administrator or Clinical Services Unit Administrator upon the discovery of a sentinel event involving an individual(s) receiving services through a DHHS substance use disorder treatment Contractor.

Since the initial and immediate verbal notification of a sentinel event is likely to include protected health information (PHI) as identified below, the Contractor of services to individuals receiving services funded by the DHHS shall disclose PHI in a private and secure manner. Contractors and vendors should not leave voice-mail messages, but instead make direct telephone contact with the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee. If direct telephone contact is not possible, a voice mail message may be left without protected health information, such as medications and relevant medical and psychiatric diagnoses. As soon as possible after the initial verbal notification, the Contractor will mail or fax a completed *Sentinel Event Reporting Form* as directed in this protocol.

Notification shall include the following:

1. Name and phone number of the individual reporting.
2. Name, date of birth (DOB), medications and all relevant medical and psychiatric diagnoses of individual(s) involved;
3. Location, date, and time of event;
4. Description of the event including what, when, where, how, and other relevant information and identification of any other individuals involved;
5. Legal status of the individual involved with regard to guardianship and power of attorney;
6. Community, guardian, family and/or families' knowledge of the event; and
7. Contractor contact person and contact information.

It shall be the responsibility of the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee to notify the DCBCS Quality Improvement Director by e-mail as soon as the BDAS Clinical Administrator or designee becomes aware a Sentinel Event has occurred. The DCBCS Quality Improvement Director shall make immediate notification to the Commissioner. Internal e-mails within the Department may contain PHI and all Department employees will utilize safeguards to ensure the privacy

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of the PHI as stated in the DHHS General Manual Health Insurance Portability and Accountability Act (HIPAA) policy #504.

Each DCBCS contractor recognizes its responsibility to report evidence of neglect, abuse or exploitation to the appropriate regulatory agencies as required by RSA 161-F: 42-57 and RSA 169-C:29. In any case of known or suspected neglect, abuse or exploitation, the Contractor aware of the situation shall follow all applicable rules relative to individual rights protection procedures.

Written follow up information is to be forwarded by the reporting Contractor to the appropriate BDAS Administrator listed below within 72 hours by completing the *Sentinel Event Reporting Form*. To protect clients' confidential information, reporting Contractors should submit the *Sentinel Event Reporting Form* either by fax to the BDAS Assistant Administrator or the BDAS Clinical Services Unit Administrator by a mail service that provides delivery confirmation.

Bureau of Drug and Alcohol Services
Assistant Administrator
105 Pleasant Street
Concord, NH 03301

Or by fax to the BDAS Administrator's Office at 271-6105;

Follow-up information is the responsibility of the Contractor and should be submitted in a way as to protect clients' confidential information such as by mail with delivery confirmation and should include:

1. The *Sentinel Event Reporting Form* (www.dhhs.nh.gov/dcbcs/documents/sentinelform.pdf);
2. Additional details as they are learned or if the status of the situation changes; and,
3. Copies of newspaper articles.

Additionally, DHHS requires critical incident reporting. The Contractor shall report all critical incidents/sentinel events to the BDAS Clinical Services Unit Administrator immediately via telephone. Every effort shall be made to reach the BDAS administrator directly. If a voice message is necessary, sufficient provider contact information shall be provided so that DHHS is able to reach the reporter, or other responsible staff, immediately.

A critical incident includes, but is not limited to, any child or adult protective services report to the Division of Children, Youth and Families (DCYF), or the Bureau of Elderly and Adult Services (BEAS), respectively, regarding any incident involving 1) a staff/employee to youth or client, 2) youth to youth, or 3) client to client. This includes incidents that occur while a client is on leave, or on a pass, from the Contractor and may be off site at the time the incident occurred.

A sentinel event is an unexpected occurrence involving the death or serious physical or psychological injury, or risk thereof, signaling the need for immediate investigation and response.

Death or any serious injury or medical emergency regarding staff or clients that requires emergency medical attention (EMT or other emergency personnel at the Contractor's site, or a hospital emergency room visit), or any crime reportable to law enforcement, or any other serious incident must also be reported to DHHS as described below.



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Reportable sentinel events include, but are not limited to, any occurrence that meets any of the following criteria:

1. An unanticipated death or permanent loss of function, not related to the natural course of an individual's illness or underlying condition.
2. Homicide or suicide of any individual receiving DHHS funded care, treatment or services, that had been discharged from a Department funded program or facility within 30 days of the event, or has been evaluated by a service Contractor within the preceding 30 days;
3. Sexual assault or rape of any individual receiving DHHS funded care, treatment or services by another client or employee of any Department funded program or facility where there is an act that was witnessed or there is sufficient clinical evidence obtained by the Contractor to support allegation of nonconsensual sexual contact.
4. Unauthorized departure of an individual receiving DHHS funded services, from a facility providing care, resulting in death or permanent loss of function.
5. Medication error that results in death, paralysis, coma, or other permanent loss of function.
6. Delay or failure to provide DHHS funded Contractor services that result in death or permanent loss of function.
7. Abuse as a result of the willful infliction of injury, unreasonable confinement, intimidation, or punishment with resulting physical harm, or mental anguish. This includes staff neglect or indifference to infliction of injury or intimidation of one individual by another.
8. Neglect as a result of the failure to provide the goods and services necessary to avoid physical harm, mental anguish or mental illness.
9. Assault of or by a client of the Contractor that results in the injury of the person or another person of such severity that medical attention is required.
10. Arson resulting in property loss.
11. High profile events, which may include media coverage and/or police involvement.

On-Site Reviews:

1. The Contractor shall allow a team or person authorized by DHHS to periodically review the Contractor's systems of governance, administration, data collection and submission, clinical, and financial management in order to assure systems are adequate to provide the contracted services.
2. Reviews shall include, but not be limited to, client record reviews to measure compliance with this exhibit.
3. The Contractor shall make corrective actions as advised by the review team if contracted services are not found to be provided in accordance with this exhibit.
4. DHHS staff shall contact the Contractor in advance of the site visit, so that the Contractor shall have sufficient time to prepare any guidance/reporting systems or logs that will be reviewed at the site visit.

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Exhibit B Amendment #2

Method and Conditions Precedent to Payment

The State shall pay the Contractor an amount not to exceed the Price Limitation, block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services, and in accordance with Exhibit B.

Funding for this Agreement is funded by various sources as a percentage of the total amount of \$28,922 as follows:

- 100 % Federal Funds from the Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant (CFDA #93.959);
- 0 % General Governor's Commission on Alcohol and Drug Abuse Prevention, Intervention and Treatment Funds; and
- 0 % General funds.

I. Payment Methodology

The Contractor shall be reimbursed for providing and delivering the services listed in Exhibit A, paragraph B. The following terms and conditions detailed in this Exhibit B shall apply to all services unless expressly stated otherwise.

The Contractor shall agree to use and apply all contract funds from the State for costs and expenses as detailed in the Service Reimbursement Table below. Allowable costs and expenses shall be determined by the State in accordance with applicable state and federal laws and regulations. Starting in State Fiscal Year 2015 (effective July 1, 2014) the contractor will receive a payment for each service at the rates and within the limits described below. For clients receiving DHHS supported services, the contractor may not charge the client, any 3rd party payor, and DHHS a combined rate that is more than the rate established by BDAS for that level of service or any other fees. These parties shall be charged in the following order:

1. The maximum allowed charge will be billed to the client's insurer, if applicable.
2. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
3. The balance of the maximum allowed charge, after deducting the client's portion and insurance payment, if applicable, shall be charged to DHHS.

Service Reimbursement Table - A check mark indicates the services and corresponding rates the Contractor will be reimbursed for.

Check mark indicates applicable service	Service	DHHS Established Rate	Service Limit
X	Evaluation	\$225	1 every 90 days
X	Outpatient – Individual	\$18.75/unit***	\$190 of combined individual & group/week
X	Outpatient – Group	\$5.00/unit	
X	Intensive Outpatient*	\$80.00/day	\$320 (4 days)/week
	Low-Intensity Residential – Adult	\$100.00/day	\$700 (7 days) /week

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	Low-Intensity Residential – Adolescent	\$128.00/day	\$896 (7 days) /week
	High-Intensity Residential – Adult	\$130.00/day	\$910 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Room & Board Only	\$66.00/day	\$462 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Clinical Services	\$162.60/day	\$1138.20 (7 days) /week
	Medium Intensity Residential – Adolescent	\$170.00/day	\$1190 (7 days) /week
	Recovery Support Services		
X	Individual	\$15.00/unit	\$160 of combined individual & group/week
X	Group	\$5.00/unit	
X	Continuous Recovery Monitoring – Attempted**	\$15.00/contact	\$60 of combined attempted and completed/month for the first 6 months post discharge
X	Continuous Recovery Monitoring – Completed	\$15.00/contact	
	Enhanced Services	Varied	

* Providers may bill the per diem rate for Intensive Outpatient Treatment services only on those days when the client attends individual and/or group counseling associated with the program. It is expected that each day of attendance includes a minimum of 3 hours of group and/or individual counseling services.

**Attempted Contact is at least 3 attempts to contact a client over the course of at least one week.

*** A unit is equal to 15 minutes of service

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. Failure to meet this requirement may result in amendment to or termination of the contract. At a minimum, contractors must provide the array of services they contracted to provide for in SFY14.

1. Performance Incentives:

A. Access to Services:

Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received and shall conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but



Exhibit B Amendment #2

not later than 5 business days following the date of first contact. For each client who screens eligible for services and starts receiving services, whether for the identified level of care or interim services, within 10 business days following the eligibility screening, the treatment contractor will receive an incentive payment of \$75.00. Access incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

B. Completion:

For each client who is discharged from the program because they have completed treatment or transferred to another treatment provider as recorded in the Discharge Type field of the WITS Discharge Module, the treatment contractor will receive an incentive payment of \$75.00. Completion incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

C. Client Outcomes:

If a client who was discharged from the program meets at least 3 of the Outcome criteria below in the 3rd and/or 6th month post-discharge, as evidenced by the WITS Follow-Up module, the treatment contractor will receive an incentive payment in the amount of \$50. The 3rd month post discharge is considered to be 60 – 120 days post discharge. The 6th month post discharge is considered to be 150 – 210 days post discharge. Outcomes incentives will be calculated and paid on a monthly basis for clients meeting criteria in the previous calendar month. It is expected that at least 50% of discharged clients will be contacted for 3 and/or 6 month follow-up over the contract year.

- i. Abstinence: The client reports reduced or no substance use in the past 30 days.
- ii. Employment/Education: The client reports increased or retained employment or the client reports returning to or staying in school.
- iii. Crime and Criminal Justice: The client reports no arrests in the past 30 days.
- iv. Stability in Housing: The client reports being in stable housing.
- v. Social Connectedness: The client reports engagement in Recovery Support Services, Care Coordination, and/or Community Based Support Groups in the past 30 days.

D. Performance Incentive Payout Limits:

Performance incentives are limited to no more than 6% of the total contract amount annually. The total amount paid out during the contract year will never exceed the total contract amount. DHHS is not obligated to make payment for any incentives that occur outside of the current contract year; however, incentives may be carried over to future contract years at the discretion of DHHS.

2. Failure to Meet Deliverables:

The Contractor shall comply with all contract requirements as detailed in Exhibit A section B, Required Services. Upon determination that Contractor may not be meeting the required deliverables, within two (2) weeks BDAS will provide a written correction action plan. Within two (2) weeks of notification of the corrective action plan, Contractor will provide a written remedial plan. BDAS will monitor the corrective actions for 60 days. Failure to meet requirements of the corrective action plan within 60 days may result in withholding of any or all payments or termination of the contract.

3. Invoicing & Billing:

All billing shall be completed via the WITS system according to protocols established by BDAS.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit B Amendment #2

The Contractor shall have written authorization from the State prior to using contract funds to purchase or lease any equipment with a cost in excess of two thousand five hundred dollars (\$2500) and with a useful life beyond one year.

II. Allocation of Funding:

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. The contractor is prohibited from spending down more than the sum of the total contract amount that includes the cost of the client services and related incentives.

III. Availability of Alternative Funding:

The New Hampshire Department of Health and Human Services may terminate or amend the contract should alternate third party payors, including Medicaid, the New Hampshire Health Protection Program and/or insurance available on the New Hampshire Insurance Exchange cover any of the services included in this contract.

IV. Limitations and restrictions of federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds:

The Contractor agrees to use the SAPT funds as the payment of last resort.

Restrictions on SAPT Block Grant on State and Contractor expenditures include:

The State may not:

- Provide inpatient hospital services except under those conditions outlined in the regulations.
- Make cash payments to intended recipients of substance abuse services.
- Purchase or improve land.
- Purchase, construct, or permanently improve buildings or other facilities.
- Purchase major medical equipment.
- Satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds. (in-kind)
- Provide financial assistance to any entity other than a public or non-profit private entity.
- Provide individuals with hypodermic needles or syringes.
- Expend more than the amount of Block Grant funds expended in FFY91 for treatment services provided in penal or correctional institutions of the State.

The Contractor shall not:

- Use any federal funds provided under this contract for the purpose of conducting testing for the etiologic agent for Human Immunodeficiency Virus (HIV) unless such testing is accompanied by appropriate pre and post-test counseling.
- Use any federal funds provided under this contract for the purpose of conducting any form of needle exchange, free needle programs or the distribution of bleach for the cleaning of needles for intravenous drug abusers.

V. Charitable Choice:



Exhibit B Amendment #2

Federal Charitable Choice statutory provisions ensure that religious organizations are able to equally compete for Federal substance abuse funding administered by SAMHSA, without impairing the religious character of such organizations and without diminishing the religious freedom of SAMHSA beneficiaries (see 42 USC 300x-65 and 42 CFR Part 54 and Part 54a, 45 CFR Part 96, Charitable Choice Provisions and Regulations). Charitable Choice statutory provisions of the Public Health Service Act enacted by Congress in 2000 are applicable to the SAPT Block Grant program. No funds provided directly from SAMHSA or the relevant State or local government to organizations participating in applicable programs may be expended for inherently religious activities, such as worship, religious instruction, or proselytization. If an organization conducts such activities, it must offer them separately, in time or location, from the programs or services for which it receives funds directly from SAMHSA or the relevant State or local government under any applicable program, and participation must be voluntary for the program beneficiaries.

- VI. Notwithstanding paragraph 18 of the General Provisions of this Agreement P-37, an amendment limited to adjusting amounts within the budgets and within the price limitation, can be made by written agreement of both parties and may be made without obtaining approval of Governor and Executive Council.

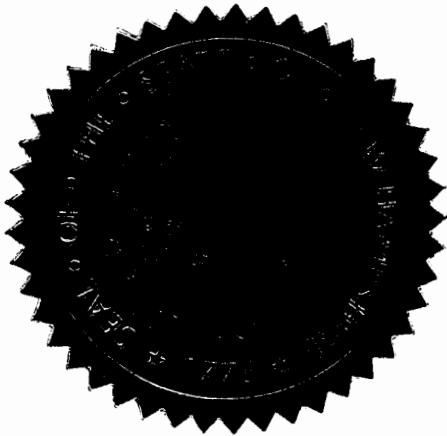
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State of New Hampshire

Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that FAMILIES FIRST OF THE GREATER SEACOAST is a New Hampshire nonprofit corporation formed August 28, 1986. 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 3rd day of April A.D. 2014

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

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

I, Linda Sanborn, do hereby certify that:

1. I am a duly elected Officer of Families First of the Greater Seacoast.
2. The following is a true copy of the resolution duly adopted at a meeting of the Board of Directors of the Agency duly held on May 14, 2014:

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

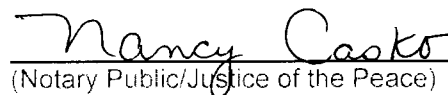
3. The forgoing resolutions have not been amended or revoked, and remain in full force and effect as of the 21st day of May, 2014.
4. Helen Taft is the duly elected Executive Director/President of the Agency.



STATE OF NEW HAMPSHIRE

County of Rockingham

The forgoing instrument was acknowledged before me this 21st day of May, 2014, by Linda Sanborn.



(Notary Public/Justice of the Peace)

(NOTARY SEAL)

Commission Expires: My Commission Expires March 7, 2017



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

1/3/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Tobey & Merrill Insurance 20 High Street Hampton NH 03842-2214		CONTACT NAME: Jennifer Reckmeyer PHONE (A/C, No. Ext.): (603) 926-7655 FAX (A/C, No.): (603) 926-2135 E-MAIL ADDRESS: jennifer@tobeymerrill.com																						
INSURED Families First of the Greater Seacoast 100 Campus Dr Ste 12 Suite 12 Portsmouth NH 03801		<table border="1"><thead><tr><th colspan="2">INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr></thead><tbody><tr><td>INSURER A:</td><td>Peerless Indemnity</td><td>18333</td></tr><tr><td>INSURER B:</td><td>Peerless Insurance Company</td><td>24198</td></tr><tr><td>INSURER C:</td><td></td><td></td></tr><tr><td>INSURER D:</td><td></td><td></td></tr><tr><td>INSURER E:</td><td></td><td></td></tr><tr><td>INSURER F:</td><td></td><td></td></tr></tbody></table>		INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A:	Peerless Indemnity	18333	INSURER B:	Peerless Insurance Company	24198	INSURER C:			INSURER D:			INSURER E:			INSURER F:		
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INSURER E:																								
INSURER F:																								

COVERAGES**CERTIFICATE NUMBER:** CL141302577**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS														
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PRO-JECT ☐ LOC		BOP8358757	12/29/2013	12/29/2014	<table border="1"><tr><td>EACH OCCURRENCE</td><td>\$ 2,000,000</td></tr><tr><td>DAMAGE TO RENTED PREMISES (Ea occurrence)</td><td>\$ 50,000</td></tr><tr><td>MED EXP (Any one person)</td><td>\$ 5,000</td></tr><tr><td>PERSONAL & ADV INJURY</td><td>\$ 2,000,000</td></tr><tr><td>GENERAL AGGREGATE</td><td>\$ 4,000,000</td></tr><tr><td>PRODUCTS - COMP/OP AGG</td><td>\$ 4,000,000</td></tr><tr><td></td><td>\$</td></tr></table>	EACH OCCURRENCE	\$ 2,000,000	DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 50,000	MED EXP (Any one person)	\$ 5,000	PERSONAL & ADV INJURY	\$ 2,000,000	GENERAL AGGREGATE	\$ 4,000,000	PRODUCTS - COMP/OP AGG	\$ 4,000,000		\$
	EACH OCCURRENCE	\$ 2,000,000																		
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GENERAL AGGREGATE	\$ 4,000,000																			
PRODUCTS - COMP/OP AGG	\$ 4,000,000																			
	\$																			
B	AUTOMOBILE LIABILITY ☒ ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☐ HIRED AUTOS ☐ NON-OWNED AUTOS		BA5375202	12/29/2013	12/29/2014	<table border="1"><tr><td>COMBINED SINGLE LIMIT (Ea accident)</td><td>\$ 1,000,000</td></tr><tr><td>BODILY INJURY (Per person)</td><td>\$</td></tr><tr><td>BODILY INJURY (Per accident)</td><td>\$</td></tr><tr><td>PROPERTY DAMAGE (Per accident)</td><td>\$</td></tr><tr><td>Underinsured motorist</td><td>\$ 1,000,000</td></tr></table>	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000	BODILY INJURY (Per person)	\$	BODILY INJURY (Per accident)	\$	PROPERTY DAMAGE (Per accident)	\$	Underinsured motorist	\$ 1,000,000				
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	BODILY INJURY (Per accident)	\$																		
PROPERTY DAMAGE (Per accident)	\$																			
Underinsured motorist	\$ 1,000,000																			
B	☒ UMBRELLA LIAB ☐ OCCUR ☐ EXCESS LIAB ☐ CLAIMS-MADE ☐ DED ☒ RETENTION \$ 10,000		C08353458	12/29/2013	12/29/2014	<table border="1"><tr><td>EACH OCCURRENCE</td><td>\$ 1,000,000</td></tr><tr><td>AGGREGATE</td><td>\$ 1,000,000</td></tr><tr><td></td><td>\$</td></tr></table>	EACH OCCURRENCE	\$ 1,000,000	AGGREGATE	\$ 1,000,000		\$								
	EACH OCCURRENCE	\$ 1,000,000																		
AGGREGATE	\$ 1,000,000																			
	\$																			
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) ☐ If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	WC5055429	12/29/2013	12/29/2014	<table border="1"><thead><tr><th></th><th>WC STATU-TORY LIMITS</th><th>OTH-ER</th></tr></thead><tbody><tr><td>E.L. EACH ACCIDENT</td><td>\$ 1,000,000</td><td></td></tr><tr><td>E.L. DISEASE - EA EMPLOYEE</td><td>\$ 1,000,000</td><td></td></tr><tr><td>E.L. DISEASE - POLICY LIMIT</td><td>\$ 1,000,000</td><td></td></tr></tbody></table>		WC STATU-TORY LIMITS	OTH-ER	E.L. EACH ACCIDENT	\$ 1,000,000		E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000		E.L. DISEASE - POLICY LIMIT	\$ 1,000,000			
	WC STATU-TORY LIMITS	OTH-ER																		
E.L. EACH ACCIDENT	\$ 1,000,000																			
E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000																			
E.L. DISEASE - POLICY LIMIT	\$ 1,000,000																			

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

CERTIFICATE HOLDER

NH Dept of Health and Human Services
129 Pleasant Street
Concord, NH 03301

CANCELLATION

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

AUTHORIZED REPRESENTATIVE

B Lizotte CIC/DEB

Barbara R. Fyfe, CIC

Families First of the Greater Seacoast

Financial Report

June 30, 2013

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Accessible
Approachable
Accountable

Independent Auditors' Report

To the Board of Directors
Families First of the Greater Seacoast
Portsmouth, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of Families First of the Greater Seacoast (a nonprofit organization) which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Macpage LLC

30 Long Creek Drive, South Portland, ME 04106-2437 | 207-774-5701 | 207-774-7835 fax | cpa@macpage.com
One Market Square, Augusta, ME 04330-4637 | 207-622-4766 | 207-622-6545 fax

macpage.com

An Independently Owned Member, McGladrey Alliance

McGladrey Alliance is a non-affiliated group of independent accounting and consulting firms. McGladrey Alliance member firms maintain their respective independence and objectivity and are responsible for their own client fee arrangements, delivery of services and maintenance of client relationships.



To the Board of Directors
Families First of the Greater Seacoast

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Families First of the Greater Seacoast as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script, appearing to read "Macpage".

Augusta, Maine
November 5, 2013

Statements of Financial Position

June 30,

	2013	2012
ASSETS		
Current Assets		
Cash (note 2)	\$ 74,547	\$ 401,496
Cash, fiscal agent (note 9)	195	3,195
Grants receivable (note 3)	67,300	60,265
Accounts receivable, net (notes 1 and 4)	131,560	134,102
Current portion of pledges receivable (notes 1 and 5)	336,748	199,012
Other receivables (note 6)	26,620	52,998
Prepaid expenses	15,133	20,149
Total Current Assets	<u>652,103</u>	<u>871,217</u>
Non-Current Assets		
Pledges receivable, net of current (notes 1 and 5)		<u>108,301</u>
Property and Equipment, Net (Notes 1 and 7)	<u>247,992</u>	<u>336,726</u>
Investments		
Endowment (notes 8 and 19)	1,392,530	1,267,448
Board designated	66,360	62,409
Total Investments	<u>1,458,890</u>	<u>1,329,857</u>
Total Assets	<u>\$ 2,358,985</u>	<u>\$ 2,646,101</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 85,519	\$ 63,918
Accrued expenses	287,904	224,664
Amount due, fiscal agent (note 9)	195	3,195
Deferred revenue	24,476	113,574
Total Current Liabilities	<u>398,094</u>	<u>405,351</u>
Net Assets		
Unrestricted	177,628	622,628
Temporarily restricted (notes 8 and 12)	583,076	417,935
Permanently restricted (notes 8 and 13)	1,200,187	1,200,187
Total Net Assets	<u>1,960,891</u>	<u>2,240,750</u>
Total Liabilities and Net Assets	<u>\$ 2,358,985</u>	<u>\$ 2,646,101</u>

Statements of Activities

Year ended June 30,

	2013		
	Unrestricted	Temporarily Restricted	Permanently Restricted
			Total
PUBLIC SUPPORT AND REVENUES:			
Public Support			
Contributions	\$ 1,404,161	\$ 640,797	\$ 2,044,958
Grants and contracts	940,575		940,575
Total public support	2,344,736	640,797	2,985,533
Revenues			
Patient service revenue (note 11)	1,577,353		1,577,353
Provision for bad debt	(43,860)		(43,860)
Net patient service revenue	1,533,493		1,533,493
Investment income - endowment (note 8)		42,953	42,953
Investment income - board designated	2,322		2,322
Unrealized gain on investments - endowment (note 8)	1,630	135,824	135,824
Unrealized gain on investments - board designated	82,505		1,630
Miscellaneous			82,505
Total revenue	1,619,950	178,777	1,798,727
Public support and revenues	3,964,686	819,574	4,784,260
Net Assets Released from Restrictions	654,433	(654,433)	
TOTAL PUBLIC SUPPORT AND REVENUES	4,619,119	165,141	4,784,260
EXPENSES			
Program services	4,365,565		4,365,565
Management and general	540,959		540,959
Fundraising	157,595		157,595
Total expenses	5,064,119		5,064,119
CHANGE IN NET ASSETS	(445,000)	165,141	(279,859)
NET ASSETS, BEGINNING OF YEAR	622,628	417,935	2,240,750
NET ASSETS, END OF YEAR	\$ 177,628	\$ 583,076	\$ 1,960,891

The accompanying notes are an integral part of these financial statements.

Statements of Activities - Continued

Year ended June 30,

	2012		
	Unrestricted	Temporarily Restricted	Permanently Restricted
			Total
PUBLIC SUPPORT AND REVENUES:			
Public Support			
Contributions	\$ 1,216,970	\$ 713,725	\$ 1,930,695
Grants and contracts	1,012,307		1,012,307
Total public support	2,229,277	713,725	2,943,002
Revenues			
Patient service revenue (note 11)	1,656,550		1,656,550
Provision for bad debt	(46,017)		(46,017)
Net patient service revenue	1,610,533		1,610,533
Investment income - endowment (note 8)		36,260	36,260
Investment income - board designated	2,046	(56,885)	2,046
Unrealized gain on investments - endowment (note 8)	174		(56,885)
Unrealized gain on investments - board designated			174
Miscellaneous	54,135		54,135
Total revenue	1,666,888	(20,625)	1,646,263
Public support and revenues	3,896,165	693,100	4,589,265
Net Assets Released from Restrictions	707,148	(707,148)	
TOTAL PUBLIC SUPPORT AND REVENUES	4,603,313	(14,048)	4,589,265
EXPENSES			
Program services	3,944,736		3,944,736
Management and general	518,091		518,091
Fundraising	157,111		157,111
Total expenses	4,619,938		4,619,938
CHANGE IN NET ASSETS	(16,625)	(14,048)	(30,673)
NET ASSETS, BEGINNING OF YEAR	639,253	431,983	2,271,423
NET ASSETS, END OF YEAR	\$ 622,628	\$ 417,935	\$ 2,240,750

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

Years ended June 30,

	2013	2012
Cash flows from operating activities		
Change in net assets	\$ (279,859)	\$ (30,673)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation expense	98,920	108,863
Unrealized (gain) loss on investments	(137,454)	56,711
Provision for bad debt	43,860	46,017
(Increase) decrease in operating assets:		
Cash, fiscal agent	3,000	850
Grants receivable	(7,035)	22,587
Accounts receivable	(41,318)	(29,206)
Pledges receivable	(29,435)	(28,379)
Other receivable	26,378	(48,074)
Prepaid expenses	5,016	17,957
Increase (decrease) in operating liabilities:		
Accounts payable	21,602	17,103
Accrued expenses	63,240	6,714
Amount due, fiscal agent	(3,000)	(850)
Deferred revenue	(89,098)	63,574
Total adjustments	(45,324)	233,867
Net cash flows from operating activities	(325,183)	203,194
Cash flows from investing activities:		
Purchase of property and equipment	(10,186)	(72,899)
Net (purchase) proceeds from sale of investments	8,420	(6)
Net cash flows from investing activities	(1,766)	(72,905)
Net change in cash and cash equivalents	(326,949)	130,289
Cash and cash equivalents at beginning of year	401,496	271,207
Cash and cash equivalents at end of year	\$ 74,547	\$ 401,496

Statements of Functional Expenses

Year ended June 30, 2013

	Health Services		
	Primary Care	Dental	Homeless
Salaries	\$ 1,443,761	\$ 482,291	\$ 405,383
Payroll taxes/benefits	261,220	83,963	53,403
Professional fees/contract labor	223,716	17,482	73,160
Medical/laboratory costs	25,630	70,854	15,655
Physicians/dentists	170,970	28,710	33,538
Office	15,862	8,210	55,195
Miscellaneous	10,242	1,979	272
Travel	3,107	608	21,655
Conferences	10,587	924	883
Dues/publications	5,322	2,370	1,605
Depreciation	8,458	25,453	17,212
Rent (note 15)	63,613	9,424	3,534
Telephone	4,456	650	811
Postage	436	6	3
Insurance	38,883	8,058	5,665
Printing	3,274	480	405
Computer operations	58,889	14,049	14,701
Flexible funds			
Program expenses	49,054	5,949	6,361
	<u>\$ 2,397,480</u>	<u>\$ 761,460</u>	<u>\$ 709,441</u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

June 30, 2013 and 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Recently Adopted Accounting Pronouncements

Effective July 1, 2012, the Center adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, which amends the current presentation and disclosure requirements for health care entities that recognize significant amounts of patient service at the time the services are rendered without assessing the patient's ability to pay. This guidance requires health care entities to reclassify the provision for bad debts from an operating expense to a deduction from patient service revenues. In addition, this guidance requires more disclosure on the policies for recognizing revenue, assessing bad debts, as well as quantitative and qualitative information regarding changes in the allowance for doubtful accounts. This guidance is applied retrospectively to all prior periods presented and is effective for the first annual period ending June 30, 2013. The adoption of this guidance did not have a material impact on the Organization's financial statements.

Reclassifications

Certain reclassifications have been made to the 2012 amounts to conform to the 2013 presentation. There was no effect on previously reported change in net assets.

NOTE 2 - CASH AND CASH EQUIVALENTS

The Organization maintains cash balances at two local financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization has established a policy where excess cash is transferred between accounts at separate financial institutions to maintain balances within FDIC insured limits.

NOTE 3 - GRANTS RECEIVABLE

Grants receivable as presented on the statements of financial position represent payment due on grants from state and federal agencies and other organizations and are considered fully collectible by management as of June 30, 2013 and 2012.

NOTE 4 - ACCOUNTS RECEIVABLE

The composition of accounts receivable at June 30 was as follows:

	2013	2012
Medicaid	\$ 44,717	\$ 58,179
Medicare	26,174	21,326
Private insurance	37,850	39,601
Patients	70,978	67,165
Other	<u>4,130</u>	<u>12,326</u>
	183,849	198,597
Less: allowance for doubtful accounts	<u>(52,289)</u>	<u>(64,495)</u>
	<u>\$131,560</u>	<u>\$134,102</u>

Notes to Financial Statements

June 30, 2013 and 2012

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable, net of allowance for uncollectible pledges, are summarized as follows at June 30:

	2013	2012
Miscellaneous private donors	\$338,248	\$307,313
Endowment promises	<u>500</u>	<u>2,000</u>
	338,748	309,313
Less allowance for uncollectible promises to give	<u>(2,000)</u>	<u>(2,000)</u>
	<u>\$336,748</u>	<u>\$307,313</u>
Amounts due in:		
Less than one year	\$336,748	\$199,012
One to five years	<u>-</u>	<u>108,301</u>
	<u>\$336,748</u>	<u>\$307,313</u>

The discount rate was not material and, therefore, not applied in 2013 or 2012.

NOTE 6 – OTHER RECEIVABLES

The Organization renders services to individuals who are beneficiaries of the Federal Medicare and Medicaid programs. Charges for services to beneficiaries of these programs were billed to the Medicare and Medicaid intermediary. Settlements for differences between the interim rates paid by Medicare and the Organization's actual cost for rendering care are based on annual cost report filings. The estimated amounts due to or from Medicare are reflected in the accompanying financial statements as other receivables and are recorded as an increase or decrease to patient service revenue in the year the related care is rendered. Any adjustments to the estimates are recorded as adjustments to patient service revenue in the year of final determination. For years prior to July 1, 2011, the Organization was also required to file Medicaid cost reports. All outstanding Medicaid cost settlements are final.

NOTE 7 - PROPERTY AND EQUIPMENT

The following summarizes property and equipment at June 30:

	2013	2012
Equipment	\$615,461	\$605,275
Furniture and fixtures	44,178	44,178
Leasehold improvements	<u>179,031</u>	<u>179,031</u>
	838,670	828,484
Less: accumulated depreciation	<u>(590,678)</u>	<u>(491,758)</u>
	<u>\$247,992</u>	<u>\$336,726</u>

Notes to Financial Statements

June 30, 2013 and 2012

NOTE 8 - INVESTMENTS - ENDOWMENT

The Organization's Board of Directors has interpreted state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent donor stipulations to the contrary. Accordingly, the Organization classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization.

Investments are reported at their fair value in the statements of financial position and consisted of the following at June 30:

	2013	2012
Mutual funds	<u>\$1,392,530</u>	<u>\$1,267,448</u>

Unrealized gains and losses are included in the change in net assets. Investment income consisted of the following for the years ended June 30:

	2013	2012
Interest and dividends	\$ 9,222	\$13,078
Realized gains	<u>33,731</u>	<u>23,182</u>
	<u>\$42,953</u>	<u>\$36,260</u>

Endowment net assets by type of fund as of June 30, 2013 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Donor restricted endowment funds		\$192,509	\$1,200,021	\$1,392,530
Pledges receivable		-	166	166
Totals		<u>\$192,509</u>	<u>\$1,200,187</u>	<u>\$1,392,696</u>

Endowment net assets by type of fund as of June 30, 2012 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Donor restricted endowment funds		\$67,427	\$1,200,021	\$1,267,448
Pledges receivable		-	166	166
Totals		<u>\$67,427</u>	<u>\$1,200,187</u>	<u>\$1,267,614</u>

Notes to Financial Statements

June 30, 2013 and 2012

NOTE 8 - INVESTMENTS - ENDOWMENT - CONTINUED

Changes in endowment net assets as of June 30, 2013 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Beginning of year		\$ 67,427	\$1,200,187	\$1,267,614
Investment return:				
Additions		1,000		1,000
Investment income		42,953		42,953
Net appreciation		135,824		135,824
Release of funds		(54,695)	-	(54,695)
Totals		<u>\$192,509</u>	<u>\$1,200,187</u>	<u>\$1,392,696</u>

Changes in endowment net assets as of June 30, 2012 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Beginning of year		\$127,360	\$1,200,187	\$1,327,547
Investment return:				
Investment income		36,260		36,260
Net depreciation		(56,885)		(56,885)
Release of funds		(39,308)	-	(39,308)
Totals		<u>\$ 67,427</u>	<u>\$1,200,187</u>	<u>\$1,267,614</u>

NOTE 9 - AMOUNT DUE - FISCAL AGENT

The Organization acts as fiscal agent for fundraisers supporting the Billy Cheverie Memorial Scholarship Fund. During the years ended June 30, 2013 and 2012, the Organization had received \$6,000 and \$3,650, respectively, from event proceeds and had paid \$9,000 and \$4,500, respectively, in scholarships, donations, and other administrative expenses. The remaining \$195 and \$3,195 as of June 30, 2013 and 2012, respectively, is included in the statements of financial position as a current asset (cash, fiscal agent) and current liability (amount due, fiscal agent).

NOTE 10 - LINE OF CREDIT

The Organization has a \$250,000 commercial line of credit with TD Banknorth. The interest rate is variable at the Wall Street Journal prime rate (3.25% at June 30, 2013 and 2012, respectively) until May 23, 2014. The line is secured by all business assets of the Organization excluding the permanently restricted funds. Available credit on the line at June 30, 2013 and 2012 was \$250,000, respectively.

NOTE 11 - PATIENT SERVICE REVENUE

The Organization 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. It recognizes significant amounts of patient service revenue at the time services are rendered even though it does not assess the patient's ability to pay. For uninsured patients who do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services provided. Accordingly, the Organization records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Notes to Financial Statements

June 30, 2013 and 2012

NOTE 11 - PATIENT SERVICE REVENUE – CONTINUED

Patient service revenue, net of contractual allowances and discounts, recognized in the period from these major payor sources, is as follows:

	2013	2012
Gross patient service charges	\$3,135,768	\$3,031,729
Contractual adjustments	(205,230)	(56,960)
Charity care	(1,353,185)	(1,318,219)
Patient service revenue	<u>\$1,577,353</u>	<u>\$1,656,550</u>

The Organization accepts patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies, which define charity services as those services for which no payment is anticipated. In assessing a patient's eligibility for charity care, the Organization uses federally established poverty guidelines. The Organization is required to provide a full discount to patients with annual incomes at or below 100% of the poverty guidelines. For those patients with income between 100% and 200% of poverty guidelines, fees must be charged in accordance with a sliding scale discount policy based on family size and income. No discounts may be provided to patients with incomes over 200% of federal poverty guidelines.

Charity care is measured based on services provided at established rates but is not included in patient service revenue. Costs and expenses incurred in providing these services are included in operating expenses. The Organization determines the costs associated with providing charity care by calculating a ratio of costs to gross charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to patients eligible for free care. Under this methodology, the estimated costs of caring for charity care patients for the years ended June 30, 2013 and 2012 were approximately \$1,830,000 and \$1,690,000, respectively. Charges for services rendered to individuals from whom payment is expected and ultimately not received are charged off to provision for bad debt.

NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30:

	2013	2012
Unrestricted pledges receivable	\$337,248	\$307,313
Endowment gains	192,509	67,427
Dental and homeless programs	29,598	23,131
Parenting program	1,000	1,962
Behavioral health services	500	1,750
Other	<u>22,221</u>	<u>16,352</u>
	<u>\$583,076</u>	<u>\$417,935</u>

NOTE 13 - PERMANENTLY RESTRICTED NET ASSETS

During the year ended June 30, 1999, the Organization established a permanently restricted endowment fund as a result of a donor changing their intent on a previous contribution.

Notes to Financial Statements

June 30, 2013 and 2012

NOTE 13 - PERMANENTLY RESTRICTED NET ASSETS - CONTINUED

During the year ended June 30, 2004, the Organization received a challenge contribution from a donor. The donor stipulated that the funds were to be added to the Organization's permanently restricted endowment fund and that the annual interest earned was available for current operations. In conjunction with receipt of this contribution, the Organization conducted a capital campaign. Donors were advised that contributions received would be added to the endowment fund and that 100% of the annual income would be available for current operations.

As of June 30, 2013 and 2012, permanently restricted net assets consisted of investments with a carrying value of \$1,200,021 and unconditional promises to give of \$166.

NOTE 14 - DONATED SERVICES

The Organization received various donated supplies and services during the years ended June 30, 2013 and 2012. Donated supplies and services are recorded at their estimated fair values on the date of receipt. In-kind contributions are included in contributions in the statements of activities and in-kind expenses are included in the corresponding functional expense line in the statements of functional expenses. Donated supplies and services consisted of the following for the years ended June 30:

	2013	2012
Professional physician and dental services	\$ 56,313	\$ 79,145
Medical supplies and vaccines	136,320	112,222
Volunteer services	<u>92,407</u>	<u>109,027</u>
	<u>\$285,040</u>	<u>\$300,394</u>

NOTE 15 - LEASES

The Organization rents space for all its programs under terms of a three year lease. Monthly rent was \$9,896 for the first seven months of the current year; the monthly rent increased to \$10,009 for the remainder of the current year, and rent paid was \$117,802 and \$111,956 for the years ended June 30, 2013 and 2012, respectively. The current lease term expires on October 31, 2015 with monthly payments ranging from \$9,896 to \$10,009. Lease expense includes a charge per square foot for utilities and housekeeping services.

The Organization leases office equipment under terms of noncancellable operating leases expiring at various times. Lease expenses, included in office expense, were \$11,762 and \$12,216 during the years ended June 30, 2013 and 2012, respectively.

Minimum lease payments under terms of the current leases are as follows as of June 30:

2014	\$124,223
2015	<u>41,638</u>
	<u>\$165,861</u>

NOTE 16 - PENSION PLAN

The Organization sponsors a defined contribution 401(k) plan for all eligible employees. Employer discretionary contributions are funded at a percentage of eligible employees' salaries. The Organization did not incur expenses under the plan for the years ended June 30, 2013 and 2012.

Notes to Financial Statements

June 30, 2013 and 2012

NOTE 17 - FUNCTIONAL EXPENSES

The Organization's principle programs are as follows:

Primary Care Program

The purpose of this program is to provide comprehensive medical care to families of the community on a sliding fee scale basis. Services provided include well and sick child care, immunizations, adult care, laboratory testing, social services and counseling, substance abuse counseling and smoking cessation programs.

This program provides access to comprehensive prenatal care. Pregnant women who live at 185% of poverty level or below, and all teens, who reside in the community are eligible to participate in this program. Some of the services provided are medical care, laboratory testing, infant delivery, social services and counseling, nutritional counseling, childbirth, breastfeeding and parenting education, substance abuse counseling and smoking cessation programs.

This program also includes a medication assistance program, which provides uninsured and under-insured patients with vouchers to obtain low cost short-term prescriptions and helps the patients enroll for assistance from pharmaceutical companies to obtain long-term medication for chronic conditions.

Dental Program

This program provides access to comprehensive dental health services to families of the community on a sliding scale basis. Services include oral health screening, preventative and restorative care.

Homeless Program

This program provides a healthcare access point that includes medical and dental care for individuals and families experiencing or on the verge of homelessness in a two county area of New Hampshire. A mobile healthcare team provides outreach and health services to individuals and families unable to receive these services in a more traditional health care setting.

Family Support Programs

These programs were designed to strengthen and support families. Families, who reside in Rockingham County, or Eliot, York and Kittery, Maine, regardless of income, are eligible to participate in these programs. Services provided include volunteer parent aide program, drop-in family support center, parenting classes, mothers' support groups, fathers' support programs, parent/toddler playgroups, children's activity groups, and a monthly newsletter to provide information about available resources for families.

Family Resource and Support (DCYF)

The Family Resource and Support Program provides home based family support services and child care coordination and payment.

Notes to Financial Statements

June 30, 2013 and 2012

NOTE 18 - RISKS AND UNCERTAINTIES

The Organization invests in various investment securities and money market funds. Due to the level of risk associated with investments, it is reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amount reported in the statements of financial position.

NOTE 19 - FAIR VALUE MEASUREMENT

Fair values of assets measured on a recurring basis at June 30, 2013 are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Problend Conservative Term Series Fund	\$ 200,963	\$156,107	\$ 44,856	
Problend Maximum Term Series Fund	474,600	354,724	119,876	
Problend Extended Term Series Fund	<u>783,327</u>	<u>374,210</u>	<u>409,117</u>	
Totals	<u>\$1,458,890</u>	<u>\$885,041</u>	<u>\$573,849</u>	

Fair values of assets measured on a recurring basis at June 30, 2012 are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Problend Conservative Term Series Fund	\$ 206,050	\$158,255	\$ 47,795	
Problend Maximum Term Series Fund	412,653	307,127	105,526	
Problend Extended Term Series Fund	<u>711,154</u>	<u>378,287</u>	<u>332,867</u>	
Totals	<u>\$1,329,857</u>	<u>\$843,669</u>	<u>\$486,188</u>	

NOTE 20 - EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 5, 2013, the date the financial statements were available to be issued.



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate
Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

G&C Approved

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

Date

6/5/13

Item #

102A

50.6% Federal
47.4% General

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug and Alcohol Services, to exercise renewal options with vendors by increasing the price limitations by \$7,596,887 in aggregate from \$7,596,890 in aggregate to \$15,193,777 in aggregate for a continuum of substance abuse treatment services state-wide and extending the completion date from June 30, 2013 to June 30, 2014, effective July 1, 2013 or date of Governor and Council approval, whichever is later.

Summary of contracted amounts by vendor:

<u>Vendor</u>	<u>Amount</u>
Child and Family Services of New Hampshire	\$86,803
Concord Hospital, Inc.	\$74,406
Families First of the Greater Seacoast	\$28,922
Families in Transition	\$332,530
Greater Nashua Council on Alcoholism	\$1,356,945
Headrest, Inc.	\$251,450
Horizons Counseling Center, Inc.	\$189,576
Manchester Alcoholism Rehabilitation Center	\$1,120,599
The Mental Health Center of Greater Manchester, Inc.	\$27,114
Monadnock Family Services	\$97,819
Northern Human Services	\$199,025
Phoenix Houses of New England, Inc.	\$1,457,490
National Council on Alcoholism and Drug Dependence of Greater Manchester	\$432,468
Southeastern New Hampshire Alcohol and Drug Abuse Services	\$1,329,836
Tri-County Community Action Programs, Inc.	\$611,904
TOTAL	\$7,596,887

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
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Funds to support this request are anticipated to be available in the following accounts in SFY 2014 upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts within the price limitation and amend the related terms of the contracts without further approval from Governor and Executive Council.

05-95-49-491510-2989 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, GOVERNOR COMMISSION FUNDS (100% General Funds)

05-95-49-491510-2990 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, CLINICAL SERVICES (34.4% General 65.6% Federal)

Please see attachment for financial details

EXPLANATION

The requested action seeks approval of 15 of 17 agreements that represent \$7,596,887 of the \$7,741,314 total anticipated to be spent state-wide to provide a continuum of substance abuse treatment services via the accounting codes listed. These services include community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children. This request seeks to exercise the renewal option that exists within each of the vendor contracts. The Department anticipates that the remaining two agreements will be presented to Governor and Executive Council on June 19, 2013.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, these contracts will continue to allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
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In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

The vendors were originally selected for this agreement through a competitive bid process. This request covers services for the period July 1, 2013 to June 30, 2014, and anticipates exercising the option to renew for one additional year as provided all of the previous vendor contracts, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with the listed vendors in State Fiscal Year 2013 in the amount of \$7,741,314 in the aggregate. This agreement represents level funding of all vendors.

The following performance measures will be used to measure the effectiveness of the agreements:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for 1 intensive outpatient treatment services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 4 of 4

Contractors, with the exception of those agencies that only offer outpatient services, are required to develop the capacity for group recovery support aftercare services for a minimum of 25% of the number treatment clients (including outpatient and transitional living program clients) they are under contract to serve. Group recovery support aftercare services are services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Recovery Support Services include, but are not limited to, guidance in financial management, parenting, vocational training, life management and spiritual counseling as well as transportation and child-care. These group recovery support services are for clients discharged from substance use disorder treatment services provided under contract with the Bureau of Drug and Alcohol Services on behalf of the Department, which may include clients that had received SUD treatment from the Contractor or a different agency. Contractors are only allowed to access these services for their clients or clients that had received substance use disorder treatment from a different agency through the statewide care coordination program under agreement with the Bureau of Drug and Alcohol Services on behalf of the Department.

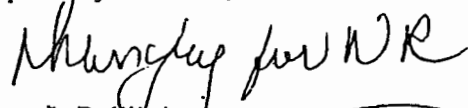
All treatment programs under contract with the Bureau of Drug and Alcohol Services on behalf of the Department are required to report on the National Outcome Measures (see attached) established by the Substance Abuse and Mental Health Services Administration, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the Electronic Health Record/Web Infrastructure Treatment System. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions. The Contractor is expected to meet or exceed these percentages as measured by the Electronic Health Record/Web Infrastructure Treatment System.

Area served: State-wide

Source of Funds: 52.6% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant and 47.4% General .

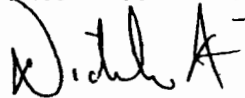
In the event that the Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:


Nicholas A. Toumpas
Commissioner

SM



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
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603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

May 24, 2012

Approved by: G+C

Date: 6/20/12

Item No.: 100

Contract No.: 1024197

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug & Alcohol Services, to enter into an agreement with Families First of the Greater Seacoast (Vendor # 166629), 100 Campus Drive, Suite 12, Portsmouth, New Hampshire, to provide for a continuum of substance abuse treatment services, in an amount not to exceed \$28,922.00 to be effective July 1, 2012 or date of Governor and Council approval, whichever is later, through June 30, 2013. Funds are available in the following accounts for State Fiscal Year 2013:

05-95-95-958410-5365 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, ALCOHOL AND OTHER TREATMENT

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95846501 <u>3</u>	\$28,922.00
			Total	\$28,922.00

EXPLANATION

The purpose of this agreement is to provide a continuum of substance abuse treatment services such as community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children, in the Portsmouth area.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, this contract will allow the State to improve the quality and array of services available to clients. Quality improvement efforts

include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

Families First of the Greater Seacoast was selected for this agreement through a competitive bid process. A Request for Proposals was posted on the Department's web site on March 6, 2012 through April 2, 2012. In addition, a bidder's conference was held on March 12, 2012.

A total of 19 proposals were received. A review committee of three professionals reviewed each proposal. All reviewers have between three to twenty years experience managing agreements with vendors for various public health programs. Areas of specific expertise include: maternal and child health; substance abuse prevention and treatment; chronic and communicable diseases; and public health infrastructure. Eighteen of the proposals were selected for funding based on review criteria that included availability of funds, consistency with stated funding priorities, technical score, and equitable geographic distribution. The agency that was not selected did not meet the minimum scoring criteria established for funding. The Bid Summary is attached.

This request covers services for the period July 1, 2012 to June 30, 2013, with an option to renew for one additional year, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with this agency in State Fiscal Year 2012 in the amount of \$28,922.00. This agreement represents level funding.

The following performance measures will be used to measure the effectiveness of the agreement:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.

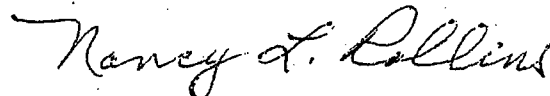
- ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
- iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services (OP)
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services (IOP) – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for IOP services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Area served: Portsmouth New Hampshire.

Source of Funds: 100% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant.

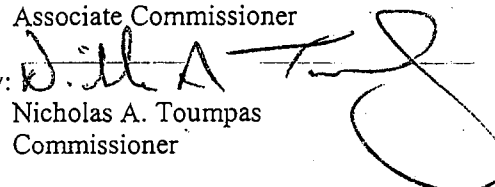
In the event that the Federal or Other Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner

NLR/df

REF RFP CRITERIA	Max Pts	15	14.00	13.00	15.00	13.00	13.00	13.00	11.00	12.00	12.00	14.00	15.00	13.00	15.00	13.00	12.00	15.00	12.00	13.00	13.00	10.00
Experience and Capacity	15	14.00	13.00	15.00	13.00	13.00	13.00	13.00	11.00	12.00	12.00	14.00	15.00	13.00	15.00	13.00	12.00	15.00	12.00	13.00	13.00	10.00
Approach	50	42.00	46.00	48.00	48.00	47.00	47.00	47.00	39.00	41.00	42.00	46.00	40.00	43.00	48.00	45.00	42.00	48.00	38.00	42.00	27.00	27.00
Budget	25	24.00	25.00	25.00	24.00	23.00	23.00	23.00	18.00	23.00	22.00	18.00	25.00	19.00	24.00	16.00	22.00	22.00	23.00	23.00	15.00	15.00
Financial Sustainability	10	7.50	8.30	9.00	10.00	7.00	7.00	7.00	0.00	7.50	6.90	8.30	9.50	9.00	9.50	7.20	6.50	7.50	7.20	8.30	5.60	5.60
Total	100	88.00	92.00	97.00	97.00	90.00	90.00	90.00	70.00	82.00	86.00	84.00	89.00	82.00	97.00	81.00	83.00	93.00	81.00	87.00	58.00	58.00

BUDGET REQUEST	\$120,286	\$85,000	\$27,207	\$406,796	\$2,221,666	\$17,050	\$116,428	\$1,750,112	\$285,000	\$245,963	\$30,000	\$153,454	\$244,501	\$2,615,553	\$513,951	\$1,329,536	\$87,567	\$747,691	\$910,630	\$0
BUDGET AWARDED	\$56,803	\$74,406	\$28,922	\$322,530	\$1,120,599	\$39,238	\$69,411	\$1,256,945	\$251,450	\$189,576	\$27,114	\$97,819	\$199,025	\$1,457,490	\$432,468	\$1,229,836	\$75,013	\$611,907	\$0	\$0

RFP Reviewers

Name	Job Title	Dept/Agency	Qualifications
1 Tynn Rourke	Sub. Use Disorders	Grantmaking/GC	Att reviewers have
2 Pamela Sullivan	Youth Counselor	SYDC	between 3-20 years
3 Heidi Young	Program Specialist	DCYF	experience managing
4 Bernice Bluhm	Prog. Planner/Rev. Spec.	Family Services	agreements with
5 Ann West, Ph.D.	Psychologist/VA	TX/Co-occurring	vendors for various
6 Mary Miller	Prog. Spec. IV	OCPII	DHHS and DOC
7 Michelle Risco	Prog. Spec. IV	DPHS	programs. Areas of
8 Kathleen Llessefort	Internal Auditor I	BDAS/FBO	specific expertise
9 Lindy Keller	Administrator I	BDAS-RAD	include Maternal and
10 Michael Lawless	Prog. Spec. IV	BDAS/CSU	Child Health;
11 Bruce Blaney	Regional Coordinator	BDAS/CSU	Substance Abuse
12 Jim Shanley	Administrator I	BDAS-FBOU	
13 Linda Parker	Prog. Spec. IV	BDAS-CSU	
14 Rosemary Shannon	Administrator I	BDAS-CSU	
15 Rob O'Hannon	ATR Prog. Spec.	BDAS/ATR	
16 Jaime Powers	TX&Rec. Serv. Coord.	BDAS/ATR	
17 John Sweeney	Systems Dev.	BDAS/IT	
18 Michael Rodgers	Assistant Administrator	BDAS	
19 Jeffrey Metzger	Sr. Mngt. Analyst	BDAS/PSU	
20 Ann Crawford	Regional Coordinator	BDAS/PSU	
21 Valerie Morgan	Administrator I	BDAS/PSU	



**State of New Hampshire
Department of Health and Human Services
Amendment #2 to the Substance Use Disorder Treatment and Recovery Support Services
Contract**

This 2nd Amendment to the Substance Use Disorder Treatment and Recovery Support Services contract (hereinafter referred to as "Amendment 2") dated this 15th day of May 2014, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Families in Transition (hereinafter referred to as "the Contractor"), a non-profit corporation with a place of business at 112 Market Street, Manchester, NH 03101.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on June 20, 2012, (item # 101) and amended by an agreement (Amendment #1 to the Contract) approved on June 5, 2013, (Item # 102A), 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, the State may amend the Contract by written agreement of the parties; and;

WHEREAS, the parties agree to extend the current contract by one year.

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:

- 1) Amend Form P-37, Block 1.6 to read:
 - a) 05-95-49-491510-29890000-102-500734
 - b) 05-95-49-491510-29900000-102-500734
- 2) Amend Form P-37, Block 1.7 to read June 30, 2015.
- 3) Amend Form P-37, Block 1.8 to read \$997,590
- 4) Delete Exhibit A and replace with Exhibit A Amendment #2
- 5) Delete Exhibit B and replace with Exhibit B Amendment #2
- 6) Add Exhibit B-2 Amendment #2

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

5/28/14
Date

Sh L Roch
NAME
TITLE Director

Families in Transition

May 21, 2014
Date

Maureen Beauregard
NAME Maureen Beauregard
TITLE President

Acknowledgement:

State of NH, County of Hillsborough on May 21, 2014 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

Ruth Syrek
Name and Title of Notary or Justice of the Peace

Ruth Syrek
Admin Asst.

RUTH A. SYREK, Notary Public
My Commission Expires October 16, 2018

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

OFFICE OF THE ATTORNEY GENERAL

6-2-14
Date

Rosemary Wiant
Name: Rosemary Wiant
Title: Assistant Attorney General

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:



Exhibit A Amendment #2

Scope of Services

A. Population Served

Services are available to New Hampshire residents who meet diagnostic, financial, and other eligibility criteria for Department of Health and Human Services supported substance use disorder services as defined in Section C, Clients Eligible for Treatment Services.

B. The Contractor shall provide treatment services as identified below:

Service Table - An "X" denotes that the Contractor shall provide that service(s) to eligible individuals in accordance with all applicable laws, rules, and regulations and terms and conditions of this Agreement.

Required Services	Treatment Services
	Outpatient Treatment (ASAM Level 1) - Substance abuse treatment services provided in individual and group counseling sessions in a non-residential setting. Clients may be enrolled in outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Outpatient Treatment (ASAM Level 1) – Pregnant & Parenting Women – Outpatient Treatment as identified above provided to pregnant & parenting women.
	Intensive Outpatient Treatment (ASAM Level 2.1) – A combination of individual and group substance abuse treatment services conducted in an outpatient setting for a minimum of 3 hours of direct client treatment services per day for a minimum of three days per week. Clients receiving less than this level of service should be enrolled in an outpatient program. Clients may be enrolled in intensive outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – Pregnant & Parenting Women - Intensive Outpatient Treatment as identified above provided to pregnant & parenting women.
	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Residential substance abuse treatment services are designed to support individuals in the early stages of recovery that need this residential level of care and/or are homeless. The goal of these programs is to prepare clients to become self-sufficient in the community. Clients may be enrolled in low-intensity residential treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days. Residents typically work in the community and may pay a portion of their room and board.
	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Pregnant Women - Low-Intensity Residential Treatment as identified above provided to



Exhibit A Amendment #2

	pregnant & parenting women.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Short-term residential substance abuse treatment designed to assist individuals who require a more intensive level of service in a structured setting and/or individuals that may be homeless. Admission is on a voluntary basis. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Pregnant Women - High-Intensity Residential – Adult and Medium Intensity Residential – Adolescent as identified above provided to pregnant women.
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5) - Residential treatment services for pregnant and parenting women and their children. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
	Recovery Support Services: Group or individual services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Examples of recovery support services include, but are not limited to: assisting clients with enrollment in Medicaid, the New Hampshire Health Protection Program (NHHPP), or private insurance, anger management, financial management, communication skills, spiritual support, parenting skills, health management, case management, organization and time management, recovery coaching, recovery mentoring, stress management, and vocational services. Programs may focus on a single recovery support service or provide a curriculum that includes an array of recovery support services. Types of Recovery Support Services are listed below:
	Continuous recovery monitoring services are regular follow-ups with clients to assess the status of the client's recovery, identify any needs the client may have and help the client to address those needs, and provide early intervention for client's who have relapsed or who's recovery is otherwise at risk.
X	Enhanced Services are specialized services that remove barriers to a client's participation in treatment. Examples of these services are child care while a parent is participating in treatment or transportation to and/or from the treatment site.
X	Recovery Support Services as identified above provided to pregnant & parenting women.



Exhibit A Amendment #2

C. *Required Services*

Priority Admission:

- 1) The Contractor shall give admission preference to pregnant women and women with dependent children, even if the children are not in their custody, as long as parental rights have not been terminated, including the provision of interim services within the required 48 hour time frame.
- 2) Individuals with a history of injection drug use including the provision of interim services within 14 days.
- 3) Individuals with a primary diagnosis of a substance use disorder, which may also include a co-occurring mental health disorder.
- 4) Individuals on medication-assisted treatment for co-occurring substance abuse and mental health disorders or various opiate replacement therapies, including, but not limited to, methadone, buprenorphine and naltrexone.

Required Outreach:

New Hampshire Department of Health & Human Services (DHHS) programs receiving federal treatment Block Grant funds requires that Contractors must publicize services available to pregnant or parenting women and injection drug users in need of substance abuse treatment and that these individuals receive preference for admission to treatment. This may be done as follows, but is not limited to, street outreach programs, ongoing public service announcements (radio/television), regular advertisements in local/regional print media, posters placed in targeted areas, and frequent notification of availability of such treatment distributed to the network of community based organizations, health care providers and social service agencies. The Contractor will submit their outreach plans to DHHS through the Bureau of Drug and Alcohol Services (BDAS) within 60 days of contract effective date.

Health Facilities Administration Licensing Requirements:

Housing programs with substance abuse treatment services at the same location will need to secure necessary licensing as a Residential Rehabilitation Facility by the DHHS Bureau of Health Facilities Administration, as appropriate, see He-P 807 at the following link: (http://www.gencourt.state.nh.us/rules/state_agencies/he-p800.html). Any contractor with an American Society of Addiction Medicine (ASAM) (October 2013) Level 3.3 or higher level program must secure this licensing for all Level 3 programs housed within the same facility as the Level 3.3 program. In the case of residential treatment and housing at the same site, residential programs should plan to treat no more than 16 pregnant or parenting women at any given time to comply with federal Medicaid restrictions on Institute for Mental Diseases (IMD) exclusion criteria. This restriction would not apply to programs in which the client's residence is in a separate location from the treatment program.

Capacity Reporting:

The Contractor must contact BDAS, as agent for DHHS, when their capacity has reached 90% within 5 business days. The Contractor must refer pregnant women to the State when the Contractor has insufficient capacity to provide services to any such pregnant women who seek the services of the program. Sending e-mail to the BDAS Clinical Services Unit Administrator may complete this notification process.



Exhibit A Amendment #2

Access to Services:

The Contractor shall respond to calls requesting treatment and/or transitional living program services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within 2 business days following the day the call was received.

The Contractor is required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.

Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client should be referred to a DHHS funded provider where they are able to access interim services.

Contractors receiving grant funds from DHHS will not discriminate against clients who are using legitimate medications to assist their recovery and will not have policies that allow them to refuse admission to treatment or to discharge clients from treatment based on the use of appropriately prescribed medications and various opiate replacement therapies, including, but not limited to, methadone and buprenorphine, as well as other forms of medication-assisted treatment for co-occurring substance abuse and mental health disorders.

Clients Eligible for Treatment Services:

In order to be eligible for DHHS supported services, a client must meet all eligibility criteria described below. Eligibility determination shall be conducted as follows:

1. Substance Use Disorder, Financial Eligibility & Residency Screening: The contractor shall complete the eligibility screening module in the Web Information Technology System (WITS) to determine if the client meets residency, financial, and substance use disorder potential eligibility requirements:
 - a. Residency: The client must be a resident of New Hampshire or homeless in New Hampshire to be eligible for DHHS supported services; and
 - b. Financial Eligibility: The client's income must be below 400% of Federal Poverty Level (FPL) to be eligible for DHHS supported services based on the sliding fee scale described below. Once the screening has been completed, the contractor shall print the associated attestation and have the client sign this document. A copy of the signed attestation shall be maintained in the client file. The client's financial eligibility shall be reassessed no less than every 120 days.; and
 - c. Potential for a Substance Use Disorder: The client must screen positive for a potential substance use disorder to be eligible for DHHS funded services.
2. Evaluation: The contractor shall conduct a full substance abuse evaluation, which includes administration of either the Addiction Severity Index (ASI) in WITS or Global Appraisal of Individual Needs (GAIN).
 - a. Substance Use Disorder: This evaluation shall be used to determine if the client meets Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM5) criteria for a substance use disorder. Clients who meet DSM5 criteria for a substance use disorder are eligible for DHHS funded services. Client who do not meet these criteria are not eligible for DHHS funded services.



Exhibit A Amendment #2

- b. Level of Care: For clients who have met all other eligibility requirements, this evaluation shall be used to determine the appropriate level of care for the client based on ASAM (October 2013) criteria. The client is eligible for DHHS funded services at the assessed level of care unless such a level of care is unavailable or the client chooses to enter a lower level of care. If the assessed level of care is unavailable, the client may choose to enter the next higher level of care.
3. Medicaid/NHHPP Eligibility: The contractor shall determine whether or not the client is eligible for Medicaid/NHHPP coverage for the identified level of care. If the client is not eligible for Medicaid/NHHPP coverage for the identified level of care, the client may be eligible for DHHS funded services. If the client is eligible for Medicaid/NHHPP coverage for the identified level of care, the client is not eligible for DHHS funded services.
4. Insurance Coverage: The contractor shall determine whether or not the client has insurance that will cover services at the identified level of care. If the client does not have insurance that will reimburse for these services at a rate equal to or greater than the DHHS rate, the client is eligible for DHHS funded services. If the client has insurance that will reimburse for these services at an amount equal or greater to the DHHS reimbursement rate, the client is not eligible for DHHS funded services. The contractor may not charge the combination of the client, any 3rd party payor, and DHHS more than the maximum charge allowed. These parties shall be charged in the following order:
 - a. The maximum allowed charge will be billed to the client's insurer, if applicable.
 - b. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
 - c. The balance of the maximum allowed charge after deducting the client's portion and the insurance payment, if applicable, shall be charged to DHHS.

Sliding Fee Scale:

The contractor shall not charge the combination of the client, any 3rd party payor and BDAS an amount greater than the maximum rate allowed for each service. All reasonable efforts shall be made to collect payment of bills. A client's inability to pay shall not preclude admission to the program and treatment.

- Client Income is 0% - 138% of FPL: 100% of the allowed charge less any amount paid for by insurance.
- Client Income is 139% - 149% of FPL: 92% of the allowed charge less any amount paid for by insurance.
- Client Income is 150% - 199% of FPL: 88% of the allowed charge less any amount paid for by insurance.
- Client Income is 200% - 249% of FPL: 75% of the allowed charge less any amount paid for by insurance.
- Client Income is 250% - 299% of FPL: 60% of the allowed charge less any amount paid for by insurance.
- Client Income is 300% - 349% of FPL: 43% of the allowed charge less any amount paid for by insurance.
- Client Income is 350% - 399% of FPL: 33% of the allowed charge less any amount paid for by insurance.



Exhibit A Amendment #2

With respect to minority age individuals, a minor child shall not be denied services as a result of the parent's unwillingness to pay the fee or the minor child's decision to receive confidential services pursuant to RSA 318-B:12-a.

Waiting List Management:

When a person who is pregnant or an injection substance abuser seeks treatment and there are no appropriate treatment services available within the required time frame as outlined below, interim services **must** be made available. The Contractor agrees to maintain the wait list management system in WITS that includes a unique patient identifier and include information on dates of requests for admission to treatment, provision of interim services and source for those services, referrals made for treatment or interim services, and disposition of clients on the waiting list.

- The waiting list must contain a mechanism that identifies and counts the number of applicants who present and are determined to be appropriate for substance abuse treatment but are unable to be placed as there is no capacity;
- Maintain contact with individuals awaiting admission; and,
- Admit or transfer waiting list clients at the earliest possible time to an appropriate treatment program within a reasonable geographic area.

The Contractor shall remove a client awaiting treatment from the waiting list only when one of the following conditions exists:

- Such persons cannot be located for admission into treatment *or*
- Such persons refuse treatment.

Specific Interim Services for Pregnant Women, Women with Dependent Children and Injection Drug Users:

The Contractor agrees to contact the BDAS Clinical Services Unit if a pregnant women and women with dependent children or individuals with a history of injection drug use, cannot be accepted into treatment within specific time frames, and agrees that interim services will be provided or facilitated by the Contractor. Interim services for pregnant women must include counseling on the effects of alcohol and drug use on the fetus, referrals for prenatal care, and counseling and education about HIV and tuberculosis. Interim services for injection drug users must also include counseling and education in the risks of needle sharing, about the risks of transmission to sexual partners and infants, and referral for HIV, Hepatitis C and tuberculosis screening/testing. All interim services shall be documented in the client's clinical record in the WITS system.

Interim Services for other Clients:

The Contractor shall provide, or refer the client to, interim services until level of service identified in the level of care assessment is available and/or the client is willing and assessed as being sufficiently motivated to take advantage of the proposed level of service or interim services. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client shall be referred to a DHHS funded provider where they are able to access interim services.

Services to pregnant and parenting women:

The Contractor further agrees that childcare will be made available to women who are in treatment with their dependent children, either through on-site care or through arrangements with an off-site legal childcare provider. Other services required are as follows:



Exhibit A Amendment #2

- The family is treated as a unit and, therefore, admits both women and their children into treatment services, if appropriate.
- The Contractor shall provide or arrange for primary medical care for women who are receiving substance abuse services, including prenatal care.
- The Contractor shall provide or arrange for childcare while the women are receiving services even if the children are not in their custody, as long as parental rights have not been terminated.
- The Contractor shall provide or arrange for primary pediatric care for the women's children, including immunizations.
- The Contractor shall provide or arrange for gender-specific substance abuse treatment and other therapeutic interventions for women that may address issues of relationships, sexual abuse, physical abuse, and parenting, and childcare while the women are receiving these services.
- The Contractor shall provide or arrange for therapeutic interventions for children in custody of women in treatment, which may, among other things, address the children's developmental needs, their issues of sexual and physical abuse, and neglect.
- The Contractor shall provide or arrange for sufficient case management and transportation services to ensure that the women and their children have access to the services provided for above.
- If a pregnant, pregnant injection drug using or Injection Drug Using person refuses treatment or says (s)he is not interested in treatment, the wait list report shall be completed with the engagement activities attempted.
- If a pregnant, pregnant injection drug using or Injection Drug Using person no shows or cancels treatment, interim services must be provided, as stipulated above and the wait list report shall be completed that demonstrates the activities of follow up, engagement and substance abuse treatment services offered.

Relationship(s) with Primary Health Care:

The Contractor shall arrange and coordinate services and exchange of information with other health care providers and agencies which:

- Identifies the client's current Primary Care Provider (PCP) at screening and/or intake.
- If the client has no current PCP, the Contractor shall identify available provider(s) in the client's local area such as a federally qualified community health center, community health center, or other local health services.
- Obtains client/patient authorization to communicate with PCP office.
- If no authorization is completed initially, the Contractor shall educate client as to the importance of engaging the PCP in ongoing care and address the client's concerns as part of treatment, with goal of obtaining authorization before discharge.
- Sends the discharge summary to PCP and offers to discuss recovery issues with the provider.
- Arranges (or has the client arrange) a post-discharge appointment with PCP for the client/patient for follow-up of the substance use disorder.

Tobacco Cessation:

The Contractor shall have policies and procedures for both client and Contractor staff, that not only creates a tobacco-free environment as required by law, but to offer tobacco cessation tools and programming. Tobacco use, in and of itself, shall not be grounds for administrative discharge from the program. Initially, all clients shall be assessed for motivation in stopping the use of tobacco products. Providers may tap into resources such as the DPHS Tobacco Prevention & Control Program (TPCP) and

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the certified tobacco cessation counselors available through the QuitLine. Other resources for providers include:

Breathe New Hampshire
145 Hollis St., Unit C
Manchester, NH 03101
603-669-2411 (phone) or 1-800-835-8647

The New Hampshire Medicaid program covers:

- Nicotine Replacement Therapy (NRT) Gum,
 - NRT Patch,
 - NRT Nasal Spray,
 - NRT Lozenge,
 - NRT Inhaler,
 - Varenicline (Chantix),
 - Bupropion (Zyban),
 - Group Counseling and/or
 - Individual Counseling. Up to 12 individual counseling sessions are covered per year through a mental health provider (Note: These sessions would NOT be in addition to other mental health counseling sessions under Medicaid). Pregnant women also have the option of group counseling.
- For more information, visit the website at:
<http://www.dhhs.state.nh.us/DHHS/MEDICAIDPROGRAM/default.htm>

Tuberculosis:

The Contractor shall make available tuberculosis services (defined as screening, counseling, testing, and treatment) directly, or through other providers, to each client receiving treatment. In the case of an individual denied admission due to lack of capacity, the substance abuse treatment Contractor will refer the individual to another provider of tuberculosis services if appropriate. All Contractor providing residential services shall make available, either on-site or through agreements with health care providers, tuberculosis services, including screening, testing, counseling and referral for medical treatment.

Physical location and facilities:

For the purpose of providing the services described in Section II of the Scope of Services, the Contractor shall obtain and maintain a suitable space complying with all fire, health, and safety codes to include handicapped accessibility and being wheelchair accessible.

The Contractor shall obtain written prior approval of DHHS, acting through BDAS, before entering into any agreement concerning relocation of the service site.

Culturally and Linguistically Appropriate Standards of Care:

DHHS recognizes that culture and language have considerable impact on how consumers access services. Culturally and linguistically diverse populations experience barriers in efforts to access services. To ensure equal access to quality services, DHHS expects that Contractors shall provide culturally and linguistically appropriate services according to the following guidelines:

1. Assess the ethnic/cultural needs, resources and assets of their community.
2. Promote the knowledge and skills necessary for staff to work effectively with consumers with respect to their culturally and linguistically diverse environment.



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3. When feasible and appropriate, provide clients of Limited English Proficiency (LEP) with interpretation services. Persons of LEP are defined as those who do not speak English as their primary language and whose skills in listening to, speaking, or reading English are such that they are unable to adequately understand and participate in the care or in the services provided to them without language assistance.
4. The Contractor is responsible for reasonable accommodations in arranging for interpreter services for hearing impaired clients.
5. The Contractor offers consumers or clients a forum through which those individuals have the opportunity to provide feedback to the Contractor regarding cultural and linguistic issues that may deserve response.

Compliance with State and Federal Laws:

The Contractor is responsible for compliance with all relevant state and federal laws. Special attention is called to the following statutory responsibilities:

1. All services provided pursuant to this Contract shall be subject to the most current proposed or formalized rules and regulations promulgated by DHHS, pursuant to RSA 541-A.
2. The Contractor shall maintain adherence to federal and state confidentiality laws specifically: 42 CFR Part 2B, N.H. RSA 318 B:12 and N.H. RSA 172:8-A and the Health Insurance Portability and Accountability Act (HIPAA): <http://www.hhs.gov/ocr/privacy/>
3. The Contractor shall meet the standards outlined in NH Administrative Rule He-A 300, Certification and Operation of Alcohol and other Drug Disorder Treatment Programs. This administrative rule is currently expired and under revision. The Contractor should plan to meet the requirements as outlined in the expired rule until the revisions are completed. He-A 300 can be viewed on the RFP link to this document <http://www.dhhs.nh.gov/business/rfp/index.htm>.
4. The Contractor shall, upon the direction of the State, provide court-ordered evaluation in their catchment area and a sliding scale fee shall apply and the inability to pay shall not interfere with the completion and submission of the court-ordered evaluation and shall, upon the direction of the State, offer treatment to those individuals pursuant to RSA 172:13.
5. Contractors considering research, including research conducted by student interns, using individuals served by this contract as subjects must adhere to the legal requirements governing human subjects' research. Contractors must inform the DHHS via contact with BDAS prior to initiating any research involving subjects or participants related to this contract. In addition, research conducted on subjects served by this contract may need to be approved by the New Hampshire Department of Health & Human Services Committee for the Protection of Human Subjects (NH DHHS CPHS) see <http://www.dhhs.nh.gov/irb/>

Client Stabilization:

The Contractor will be expected to arrange for medical clearance for all clients receiving treatment services supported by DHHS administered by BDAS to assure that they are not at risk for acute withdrawal from alcohol and certain drugs. The Contractor shall be expected to provide a range of integrated services that include withdrawal management services that follow detoxification guidelines outlined in Treatment Improvement Protocol (TIP) #45, Detoxification and Substance Abuse Treatment and ASAM guidelines.

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Clinical Services:

The Contractor shall provide the following:

- a. A minimum of one (1) substance abuse counselor on site each day of the week during primary treatment hours. The substance abuse counselor shall have a bachelor's degree or equivalent in social work/psychology, guidance or nursing and/or a certificate in the field of addiction studies from an approved educational institution or educational/life experience.
- b. A minimum of one (1) substance abuse support staff on site each day of the week during all hours not covered by a substance abuse counselor. The substance abuse support staff must have a high school or General Equivalency Diploma (GED). Preference is given to individuals who have completed additional courses or taken training in substance use disorders or other health fields.
- c. An intake/admission coordinator on site Monday through Friday of each week. The intake/admission coordinator shall have one (1) years' work experience in the field of addiction studies.
- d. A full-time Executive Director, not filling any of the positions described above.

Evaluation:

The contractor shall conduct a full substance abuse evaluation, which includes administration of either the ASI or GAIN to determine eligibility for services. This evaluation must be updated every 120 days or when the client transitions to a different level of care.

Assessment of Risk for Self-Harm/Suicide: The Contractor shall have policies and practices for assessing risk of self-harm at all phases of treatment, such as at initial contact, during screening, intake, admission, on-going treatment services and at discharge, and a process for referral when necessary to include referrals to mental health services.

The Contractor shall develop policies, programs and protocols in accordance with SAMHSA guidelines as outlined in the Treatment Improvement Protocols (TIPs) and Technical Assistance Publications (TAPs). These publications can be downloaded from <http://www.kap.samhsa.gov/products/manuals/index.htm>.

Use of Best Practices: The Contractor is required to use the Addiction Severity Index (ASI) or Global Appraisal of Individual Needs (GAIN) assessment tools, the SAMHSA/NIDA MATRS treatment-planning model and the WITS electronic case management system.

Care Coordination:

The Contractor is required to assess each client's need/appropriateness for residential transitional living services and to **refer all clients for care coordination services** made available through the Access to Recovery (ATR) initiative administered by the BDAS so long as this initiative remains available on behalf of DHHS that would commence following the initial course of treatment. Contractors are required to address motivational issues with clients for them to participate effectively in the care coordination and recovery support services. Contractors are required to have clients sign the "ATR Client Participation Agreement" (made available by BDAS), indicating that they either agree or opt out of participating in these services. The contractor will facilitate all clients who agree to participate in these services to complete the Client Participation Agreement and upon obtaining a signed release of information, refer clients to an ATR Care Coordinator Program at least two weeks prior to anticipated date of discharge (dis-enrollment) from services. Assessing the need for aftercare services is expected to take place while



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the client is involved within the most recent episode of care, with a referral being made and accepted by the care coordination service prior to the client being discharged.

The Contractor must provide the following for use by the care coordination program:

- Private space for interviewing/meeting with clients.
- Access to internet (either wired or wireless) in the meeting space
- Telephone in the meeting space and
- A contact person at the Contractor's site for logistics.

It is the expectation of the BDAS at DHHS that, upon completion of appropriate signed releases, the Contractor will provide the care coordination program with necessary information from the clinical record (evaluation, treatment plan, progress notes, etc.) for the care coordination program to develop a service plan with the client.

All alcohol and other drug treatment providers under contract with the BDAS on behalf of DHHS are required to address with all clients, the need for continuing services. This includes clinically managed low-intensity treatment programs under contract with the BDAS on behalf of DHHS as well as care coordination and recovery support services made available through DHHS contracted providers; the ATR initiative administered by BDAS, so long as this initiative remains available; and/or any other resources that become available to pay for these services that would commence following the initial course of treatment. The referral for these services should take place prior to discharge from the initial course of treatment.

Relevant Policies and Guidelines:

The services provided for in this agreement shall be in addition to the services provided for in any other agreement between the State of New Hampshire, any of its agencies, or any of its officers, and the Contractor.

Without limiting the generality of any other provisions of this agreement, the Contractor shall cooperate fully with, and answer all questions of representatives of the State conducting any periodic or special review of the performance of the Contractor or any inspection of the facilities of the Contractor.

Publications Funded Under Contract:

All products produced under this contract are in the public domain. All products (written, video, audio) produced, reproduced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution, or use. The Contract shall credit DHHS on all materials produced under this contract.

Student Internships:

The Contractor shall establish policies and procedures related to student interns that address minimum coursework, experience and core competencies for those interns having direct contact with individuals served by this contract. Student interns shall complete an approved ethics course prior to beginning the internship.



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Staff Licensing Requirements:

The ratio of licensed to non-licensed service providers shall be as follows:

Agencies must have at least one Licensed, or Masters Licensed, Alcohol and Drug Counselor (LADC/MLADC) for each two unlicensed counselors providing substance abuse treatment services and a sufficient number of MLADCs or LADCs with the Licensed Clinical Supervision (LCS) credential to adequately provide for clinical supervision of all clinical staff. This requirement shall be met by the Contractor no later than six (6) months after the date of the Contract effective date.

Updated resumes, which clearly indicate the staff member is employed by the Contractor, including current positions of staff supported by funds provided through this Contract, shall be forwarded to the BDAS as agent for DHHS. The documentation shall include a copy of the New Hampshire Alcohol and Drug Counselor License.

Staff Certification Requirements:

In addition to the requirements for LADCs, all Contractor milieu staff in residential settings and transitional living programs and staff providing recovery support aftercare group services shall be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification under RSA 330-C (<http://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XXX-330-C.htm>). Certification must be completed within six (6) months of the contract's approval date.

Staff providing recovery support services are expected to be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification. Peer recovery support services made available through Recovery Community Organizations (RCOs), under agreement with BDAS on behalf of DHHS, shall be provided by individuals certified by those organizations (CRSW not required for peer recovery support services).

Supervision:

Ongoing clinical supervision will include weekly discussion of cases with suggestions for resources or therapeutic approaches, co-therapy, and periodic assessment of progress. When enough candidates are under supervision, group supervision may be included to help optimize the learning experience.

The content of supervision must include knowledge, skills, values, and ethics with specific application to the practice issues faced by the supervisee, including the core functions as described in the Twelve Core Functions of Alcohol and Drug Counseling.

The content of supervision must also include the standards of practice and ethical conduct, with particular emphasis given to the counselor's role and appropriate responsibilities, professional boundaries, and power dynamics.

Staffing Changes:

BDAS as agent for DHHS shall be notified of changes in key personnel with updated resumes that clearly indicate the staff member is employed by the Contractor submitted within five (5) working days. Key personnel are those staff for whom at least 10% of their work time is spent providing alcohol or other drug abuse treatment services.



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1. New Hires: The Contractor shall notify BDAS on behalf of DHHS in writing within one month of hire when a new administrator or coordinator or any staff person essential to carrying out this scope of services is hired to work in the program. A resume of the employee, which clearly indicates the staff member is employed by the Contractor, shall accompany this notification.
2. Vacancies: The Contractor shall notify BDAS on behalf of DHHS in writing within 14 calendar days, if at any time, any site funded under this agreement does not have adequate staffing to perform all required services for more than one month.

Other Requirements:

The Contractor shall attend trainings and/or meetings as requested by DHHS.

ATR and Recovery Support Services:

All DHHS funded treatment and recovery support service providers must also be approved Access to Recovery (ATR) providers, so long as the ATR initiative remains available, as this will be the source of funding for these recovery support services through the Voucher Management System (VMS). Information on becoming an ATR provider can be found on the DHHS website: <http://www.dhhs.nh.gov/dcbcs/bdas/atr/becomingprovider.htm>

Regional Network Participation:

The Contractor will designate administrative level staff to regularly participate in the Regional Network and contribute to overall regional network strategic planning, monitoring, evaluation, and cross systems communication efforts. The Contractor is highly encouraged to serve on one of the work groups and contribute to data collection, regional strategic planning and evaluation. Participation will be measured by the annual Partner Survey (<http://www.partnertool.net/>) administered by NH Center for Excellence under contract with BDAS as agent for DHHS.

Performance Measures:

All treatment programs under contract with BDAS on behalf of DHHS are required to report on the National Outcome Measures (NOMs) established by the SAMHSA, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the WITS (electronic case management) system. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions.

Data and Reporting Requirements:

1. Without limiting the generality of any other provisions of this agreement, the Contractor shall provide any periodic or special reports required by the DHHS.
2. The Contractor shall notify BDAS, as an authorized agent of DHHS, whenever the Contractor has reached ninety percent capacity to admit new clients. In addition the Contractor shall have a waiting list management policy in accordance with the SAPT Block Grant requirements. This 90% notification process will become automatic when this operation is fully functional in WITS.
3. The Contractor shall notify DHHS through BDAS, within one working day, if sufficient capacity is not available to provide treatment services to a pregnant woman, parenting woman or injection drug user within the required time frames and a referral elsewhere is not successful and interim services cannot be provided.



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4. The Contractor shall comply with all research and/or information systems development activities for the electronic case management/Web Information Technology System (CM/WITS) conducted by, or authorized by, DHHS.
5. The Contractor shall administer any client surveys, client evaluations including the addiction Severity Index (ASI) or the Global Appraisal of Individual Needs (GAIN), client treatment outcome instruments, the M.A.T.R.S. Treatment Planning Tool, as required by DHHS.
6. The Contractor must have the ability to communicate and submit required reports via the Web-based submission system and/or e-mail, for treatment and recovery support services and interim services. All required clinical and documentation activities shall be entered in WITS unless specifically granted an exception by BDAS on behalf of DHHS.

Critical Incident/Sentinel Event Reporting:

The Department's Sentinel Event policy is contained in the following link:
<http://www.dhhs.nh.gov/dcbcs/sentinel.htm>

Division of Community Based Care Services (DCBCS) Sentinel Event Notification:

The preceding events require the immediate verbal notification to the BDAS Assistant Administrator or Clinical Services Unit Administrator upon the discovery of a sentinel event involving an individual(s) receiving services through a DHHS substance use disorder treatment Contractor.

Since the initial and immediate verbal notification of a sentinel event is likely to include protected health information (PHI) as identified below, the Contractor of services to individuals receiving services funded by the DHHS shall disclose PHI in a private and secure manner. Contractors and vendors should not leave voice-mail messages, but instead make direct telephone contact with the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee. If direct telephone contact is not possible, a voice mail message may be left without protected health information, such as medications and relevant medical and psychiatric diagnoses. As soon as possible after the initial verbal notification, the Contractor will mail or fax a completed *Sentinel Event Reporting Form* as directed in this protocol.

Notification shall include the following:

1. Name and phone number of the individual reporting.
2. Name, date of birth (DOB), medications and all relevant medical and psychiatric diagnoses of individual(s) involved;
3. Location, date, and time of event;
4. Description of the event including what, when, where, how, and other relevant information and identification of any other individuals involved;
5. Legal status of the individual involved with regard to guardianship and power of attorney;
6. Community, guardian, family and/or families' knowledge of the event; and
7. Contractor contact person and contact information.

It shall be the responsibility of the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee to notify the DCBCS Quality Improvement Director by e-mail as soon as the BDAS Clinical Administrator or designee becomes aware a Sentinel Event has occurred. The DCBCS Quality Improvement Director shall make immediate notification to the Commissioner. Internal e-mails within the Department may contain PHI and all Department employees will utilize safeguards to ensure the privacy

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of the PHI as stated in the DHHS General Manual Health Insurance Portability and Accountability Act (HIPAA) policy #504.

Each DCBCS contractor recognizes its responsibility to report evidence of neglect, abuse or exploitation to the appropriate regulatory agencies as required by RSA 161-F: 42-57 and RSA 169-C:29. In any case of known or suspected neglect, abuse or exploitation, the Contractor aware of the situation shall follow all applicable rules relative to individual rights protection procedures.

Written follow up information is to be forwarded by the reporting Contractor to the appropriate BDAS Administrator listed below within 72 hours by completing the *Sentinel Event Reporting Form*. To protect clients' confidential information, reporting Contractors should submit the *Sentinel Event Reporting Form* either by fax to the BDAS Assistant Administrator or the BDAS Clinical Services Unit Administrator by a mail service that provides delivery confirmation.

Bureau of Drug and Alcohol Services

Assistant Administrator

105 Pleasant Street

Concord, NH 03301

Or by fax to the BDAS Administrator's Office at 271-6105;

Follow-up information is the responsibility of the Contractor and should be submitted in a way as to protect clients' confidential information such as by mail with delivery confirmation and should include:

1. The *Sentinel Event Reporting Form*(www.dhhs.nh.gov/dcbcs/documents/sentinelform.pdf);
2. Additional details as they are learned or if the status of the situation changes; and,
3. Copies of newspaper articles.

Additionally, DHHS requires critical incident reporting. The Contractor shall report all critical incidents/sentinel events to the BDAS Clinical Services Unit Administrator immediately via telephone. Every effort shall be made to reach the BDAS administrator directly. If a voice message is necessary, sufficient provider contact information shall be provided so that DHHS is able to reach the reporter, or other responsible staff, immediately.

A critical incident includes, but is not limited to, any child or adult protective services report to the Division of Children, Youth and Families (DCYF), or the Bureau of Elderly and Adult Services (BEAS), respectively, regarding any incident involving 1) a staff/employee to youth or client, 2) youth to youth, or 3) client to client. This includes incidents that occur while a client is on leave, or on a pass, from the Contractor and may be off site at the time the incident occurred.

A sentinel event is an unexpected occurrence involving the death or serious physical or psychological injury, or risk thereof, signaling the need for immediate investigation and response.

Death or any serious injury or medical emergency regarding staff or clients that requires emergency medical attention (EMT or other emergency personnel at the Contractor's site, or a hospital emergency room visit), or any crime reportable to law enforcement, or any other serious incident must also be reported to DHHS as described below.



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Reportable sentinel events include, but are not limited to, any occurrence that meets any of the following criteria:

1. An unanticipated death or permanent loss of function, not related to the natural course of an individual's illness or underlying condition.
2. Homicide or suicide of any individual receiving DHHS funded care, treatment or services, that had been discharged from a Department funded program or facility within 30 days of the event, or has been evaluated by a service Contractor within the preceding 30 days;
3. Sexual assault or rape of any individual receiving DHHS funded care, treatment or services by another client or employee of any Department funded program or facility where there is an act that was witnessed or there is sufficient clinical evidence obtained by the Contractor to support allegation of nonconsensual sexual contact.
4. Unauthorized departure of an individual receiving DHHS funded services, from a facility providing care, resulting in death or permanent loss of function.
5. Medication error that results in death, paralysis, coma, or other permanent loss of function.
6. Delay or failure to provide DHHS funded Contractor services that result in death or permanent loss of function.
7. Abuse as a result of the willful infliction of injury, unreasonable confinement, intimidation, or punishment with resulting physical harm, or mental anguish. This includes staff neglect or indifference to infliction of injury or intimidation of one individual by another.
8. Neglect as a result of the failure to provide the goods and services necessary to avoid physical harm, mental anguish or mental illness.
9. Assault of or by a client of the Contractor that results in the injury of the person or another person of such severity that medical attention is required.
10. Arson resulting in property loss.
11. High profile events, which may include media coverage and/or police involvement.

On-Site Reviews:

1. The Contractor shall allow a team or person authorized by DHHS to periodically review the Contractor's systems of governance, administration, data collection and submission, clinical, and financial management in order to assure systems are adequate to provide the contracted services.
2. Reviews shall include, but not be limited to, client record reviews to measure compliance with this exhibit.
3. The Contractor shall make corrective actions as advised by the review team if contracted services are not found to be provided in accordance with this exhibit.
4. DHHS staff shall contact the Contractor in advance of the site visit, so that the Contractor shall have sufficient time to prepare any guidance/reporting systems or logs that will be reviewed at the site visit.

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Exhibit B Amendment #2

Method and Conditions Precedent to Payment

The State shall pay the Contractor an amount not to exceed the Price Limitation, block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services, and in accordance with Exhibit B and Exhibit B-2.

Funding for this Agreement is funded by various sources as a percentage of the total amount of \$332,530 as follows:

- 100 % Federal Funds from the Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant (CFDA #93.959);
- 0 % General Governor's Commission on Alcohol and Drug Abuse Prevention, Intervention and Treatment Funds; and
- 0 % General funds.

I. Payment Methodology

The Contractor shall be reimbursed for providing and delivering the services listed in Exhibit A, paragraph B. The following terms and conditions detailed in this Exhibit B shall apply to all services unless expressly stated otherwise.

The Contractor shall agree to use and apply all contract funds from the State for costs and expenses as detailed in the Service Reimbursement Table below. Allowable costs and expenses shall be determined by the State in accordance with applicable state and federal laws and regulations. Starting in State Fiscal Year 2015 (effective July 1, 2014) the contractor will receive a payment for each service at the rates and within the limits described below. For clients receiving DHHS supported services, the contractor may not charge the client, any 3rd party payor, and DHHS a combined rate that is more than the rate established by BDAS for that level of service or any other fees. These parties shall be charged in the following order:

1. The maximum allowed charge will be billed to the client's insurer, if applicable.
2. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
3. The balance of the maximum allowed charge, after deducting the client's portion and insurance payment, if applicable, shall be charged to DHHS.

Service Reimbursement Table - A check mark indicates the services and corresponding rates the Contractor will be reimbursed for.

Check mark indicates applicable service	Service	DHHS Established Rate	Service Limit
X	Evaluation	\$225	1 every 90 days
X	Outpatient – Individual	\$18.75/unit***	\$190 of combined individual & group/week
X	Outpatient – Group	\$5.00/unit	
X	Intensive Outpatient*	\$80.00/day	\$320 (4 days)/week
	Low-Intensity Residential – Adult	\$100.00/day	\$700 (7 days) /week



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	Low-Intensity Residential – Adolescent	\$128.00/day	\$896 (7 days) /week
	High-Intensity Residential – Adult	\$130.00/day	\$910 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Room & Board Only	\$66.00/day	\$462 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Clinical Services	\$162.60/day	\$1138.20 (7 days) /week
	Medium Intensity Residential – Adolescent	\$170.00/day	\$1190 (7 days) /week
	Recovery Support Services		
X	Individual	\$15.00/unit	\$160 of combined individual & group/week
X	Group	\$5.00/unit	
X	Continuous Recovery Monitoring – Attempted**	\$15.00/contact	\$60 of combined attempted and completed/month for the first 6 months post discharge
X	Continuous Recovery Monitoring – Completed	\$15.00/contact	
X	Enhanced Services	Varied	

* Providers may bill the per diem rate for Intensive Outpatient Treatment services only on those days when the client attends individual and/or group counseling associated with the program. It is expected that each day of attendance includes a minimum of 3 hours of group and/or individual counseling services.

**Attempted Contact is at least 3 attempts to contact a client over the course of at least one week.

*** A unit is equal to 15 minutes of service

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. Failure to meet this requirement may result in amendment to or termination of the contract. At a minimum, contractors must provide the array of services they contracted to provide for in SFY14.

1. Performance Incentives:

A. Access to Services:

Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received and shall conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but



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not later than 5 business days following the date of first contact. For each client who screens eligible for services and starts receiving services, whether for the identified level of care or interim services, within 10 business days following the eligibility screening, the treatment contractor will receive an incentive payment of \$75.00. Access incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

B. Completion:

For each client who is discharged from the program because they have completed treatment or transferred to another treatment provider as recorded in the Discharge Type field of the WITS Discharge Module, the treatment contractor will receive an incentive payment of \$75.00. Completion incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

C. Client Outcomes:

If a client who was discharged from the program meets at least 3 of the Outcome criteria below in the 3rd and/or 6th month post-discharge, as evidenced by the WITS Follow-Up module, the treatment contractor will receive an incentive payment in the amount of \$50. The 3rd month post discharge is considered to be 60 – 120 days post discharge. The 6th month post discharge is considered to be 150 – 210 days post discharge. Outcomes incentives will be calculated and paid on a monthly basis for clients meeting criteria in the previous calendar month. It is expected that at least 50% of discharged clients will be contacted for 3 and/or 6 month follow-up over the contract year.

- i. Abstinence: The client reports reduced or no substance use in the past 30 days.
- ii. Employment/Education: The client reports increased or retained employment or the client reports returning to or staying in school.
- iii. Crime and Criminal Justice: The client reports no arrests in the past 30 days.
- iv. Stability in Housing: The client reports being in stable housing.
- v. Social Connectedness: The client reports engagement in Recovery Support Services, Care Coordination, and/or Community Based Support Groups in the past 30 days.

D. Performance Incentive Payout Limits:

Performance incentives are limited to no more than 6% of the total contract amount annually. The total amount paid out during the contract year will never exceed the total contract amount. DHHS is not obligated to make payment for any incentives that occur outside of the current contract year; however, incentives may be carried over to future contract years at the discretion of DHHS.

2. Failure to Meet Deliverables:

The Contractor shall comply with all contract requirements as detailed in Exhibit A section B, Required Services. Upon determination that Contractor may not be meeting the required deliverables, within two (2) weeks BDAS will provide a written correction action plan. Within two (2) weeks of notification of the corrective action plan, Contractor will provide a written remedial plan. BDAS will monitor the corrective actions for 60 days. Failure to meet requirements of the corrective action plan within 60 days may result in withholding of any or all payments or termination of the contract.

3. Invoicing & Billing:

All billing shall be completed via the WITS system according to protocols established by BDAS.



Exhibit B Amendment #2

The Contractor shall have written authorization from the State prior to using contract funds to purchase or lease any equipment with a cost in excess of two thousand five hundred dollars (\$2500) and with a useful life beyond one year.

II. Allocation of Funding:

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. The contractor is prohibited from spending down more than the sum of the total contract amount that includes the cost of the client services and related incentives.

III. Availability of Alternative Funding:

The New Hampshire Department of Health and Human Services may terminate or amend the contract should alternate third party payors, including Medicaid, the New Hampshire Health Protection Program and/or insurance available on the New Hampshire Insurance Exchange cover any of the services included in this contract.

IV. Limitations and restrictions of federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds:

The Contractor agrees to use the SAPT funds as the payment of last resort.

Restrictions on SAPT Block Grant on State and Contractor expenditures include:

The State may not:

- Provide inpatient hospital services except under those conditions outlined in the regulations.
- Make cash payments to intended recipients of substance abuse services.
- Purchase or improve land.
- Purchase, construct, or permanently improve buildings or other facilities.
- Purchase major medical equipment.
- Satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds. (in-kind)
- Provide financial assistance to any entity other than a public or non-profit private entity.
- Provide individuals with hypodermic needles or syringes.
- Expend more than the amount of Block Grant funds expended in FFY91 for treatment services provided in penal or correctional institutions of the State.

The Contractor shall not:

- Use any federal funds provided under this contract for the purpose of conducting testing for the etiologic agent for Human Immunodeficiency Virus (HIV) unless such testing is accompanied by appropriate pre and post-test counseling.
- Use any federal funds provided under this contract for the purpose of conducting any form of needle exchange, free needle programs or the distribution of bleach for the cleaning of needles for intravenous drug abusers.

V. Charitable Choice:



Exhibit B Amendment #2

Federal Charitable Choice statutory provisions ensure that religious organizations are able to equally compete for Federal substance abuse funding administered by SAMHSA, without impairing the religious character of such organizations and without diminishing the religious freedom of SAMHSA beneficiaries (see 42 USC 300x-65 and 42 CFR Part 54 and Part 54a, 45 CFR Part 96, Charitable Choice Provisions and Regulations). Charitable Choice statutory provisions of the Public Health Service Act enacted by Congress in 2000 are applicable to the SAPT Block Grant program. No funds provided directly from SAMHSA or the relevant State or local government to organizations participating in applicable programs may be expended for inherently religious activities, such as worship, religious instruction, or proselytization. If an organization conducts such activities, it must offer them separately, in time or location, from the programs or services for which it receives funds directly from SAMHSA or the relevant State or local government under any applicable program, and participation must be voluntary for the program beneficiaries.

- VI. Notwithstanding paragraph 18 of the General Provisions of this Agreement P-37, an amendment limited to adjusting amounts within the budgets and within the price limitation, can be made by written agreement of both parties and may be made without obtaining approval of Governor and Executive Council.

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BUDGET FORM

**New Hampshire Department of Health and Human Services
COMPLETE ONE BUDGET FORM FOR EACH BUDGET PERIOD**

Contractor Name: Families in Transition

Substance Use Disorder Treatment Enhanced Services -
Budget Request for: Childcare and Transportation Services
(Name of RFP)

Budget Period: July 1, 2014 - June 30, 2015

Line Item	Direct Incremental	Indirect Fixed	Total	Allocation Method for Indirect/Fixed Cost
1. Total Salary/Wages	\$ 42,640.00	\$ -	\$ 42,640.00	
2. Employee Benefits	\$ 8,790.00	\$ -	\$ 8,790.00	
3. Consultants	\$ -	\$ -	\$ -	
4. Equipment:	\$ -	\$ -	\$ -	
Rental	\$ 300.00	\$ -	\$ 300.00	
Repair and Maintenance	\$ 300.00	\$ -	\$ 300.00	
Purchase/Depreciation (computer)	\$ 900.00	\$ -	\$ 900.00	
5. Supplies:	\$ -	\$ -	\$ -	
Educational	\$ 500.00	\$ -	\$ 500.00	
Lab	\$ -	\$ -	\$ -	
Pharmacy	\$ -	\$ -	\$ -	
Medical	\$ -	\$ -	\$ -	
Office	\$ 500.00	\$ -	\$ 500.00	
6. Travel	\$ 500.00	\$ -	\$ 500.00	
7. Occupancy	\$ -	\$ -	\$ -	
8. Current Expenses	\$ -	\$ -	\$ -	
Telephone	\$ 360.00	\$ -	\$ 360.00	
Postage	\$ 300.00	\$ -	\$ 300.00	
Subscriptions	\$ 150.00	\$ -	\$ 150.00	
Audit and Legal	\$ 500.00	\$ -	\$ 500.00	
Insurance	\$ 420.00	\$ -	\$ 420.00	
Board Expenses	\$ -	\$ -	\$ -	
9. Software	\$ 500.00	\$ -	\$ 500.00	
10. Marketing/Communications	\$ -	\$ -	\$ -	
11. Staff Education and Training	\$ 780.00	\$ -	\$ 780.00	
12. Subcontracts/Agreements	\$ -	\$ -	\$ -	
13. Other (specific details mandatory):	\$ -	\$ -	\$ -	
Vehicle Exp (gas, loan, maint, regist)	\$ 2,840.00	\$ -	\$ 2,840.00	
		\$ -	\$ -	
		\$ -	\$ -	
TOTAL	\$ 60,280.00	\$ -	\$ 60,280.00	

Indirect As A Percent of Direct

0.0%

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 FAMILIES IN TRANSITION is a New Hampshire nonprofit corporation formed May 13, 1994. 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 16th day of April A.D. 2014

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

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

I, Karyn O'Neil, do hereby certify that:
(Name of the elected Officer of the Agency; cannot be contract signatory)

1. I am a duly elected Officer of Families in Transition.
(Agency Name)

2. The following is a true copy of the resolution duly adopted at a meeting of the Board of Directors of
the Agency duly held on May 21, 2014
(Date)

RESOLVED: That the President
(Title of Contract Signatory)

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

3. The forgoing resolutions have not been amended or revoked, and remain in full force and effect as of
the 21 day of May, 2014
(Date Contract Signed)

4. Maureen Beauregard is the duly elected President
(Name of Contract Signatory) (Title of Contract Signatory)

of the Agency.

Karyn O'Neil
(Signature of the Elected Officer)

STATE OF NEW HAMPSHIRE

County of Hillsborough

The forgoing instrument was acknowledged before me this 21 day of May, 2014.

By Karyn O'Neil.
(Name of Elected Officer of the Agency)

Ruth Syrek
(Notary Public/Justice of the Peace)

(NOTARY SEAL)

Commission Expires: _____
RUTH A. SYREK, Notary Public
My Commission Expires October 16, 2018

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

04/04/14

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Davis Towle Morrill & Everett 115 Airport Road P O Box 1260 Concord, NH 03302-1260	CONTACT NAME: PHONE (A/C, No, Ext): 603 225-6611		FAX (A/C, No): 603-225-7935
	E-MAIL ADDRESS:		
INSURED Families in Transition, Inc 122 Market St Manchester, NH 03101	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A : Philadelphia Insurance Co.		
	INSURER B : Wesco Insurance Company		
	INSURER C :		
	INSURER D :		
	INSURER E :		
INSURER F :			

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

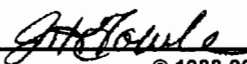
INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PRO-JECT ☐ LOC			PHPK1115805	01/01/2014	01/01/2015	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$3,000,000 PRODUCTS - COMP/OP AGG \$3,000,000 \$
A	AUTOMOBILE LIABILITY ☒ ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☒ HIRED AUTOS ☒ NON-OWNED AUTOS			PHPK1115805	01/01/2014	01/01/2015	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	☒ UMBRELLA LIAB ☒ OCCUR ☐ EXCESS LIAB ☐ CLAIMS-MADE ☐ DED ☒ RETENTION \$10000			PHUB445238	01/01/2014	01/01/2015	EACH OCCURRENCE \$5,000,000 AGGREGATE \$5,000,000 \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☐ Y ☒ N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	WWC3075690	01/01/2014	01/01/2015	☒ WC STATU-TORY LIMITS ☐ OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000

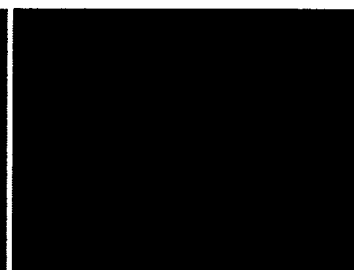
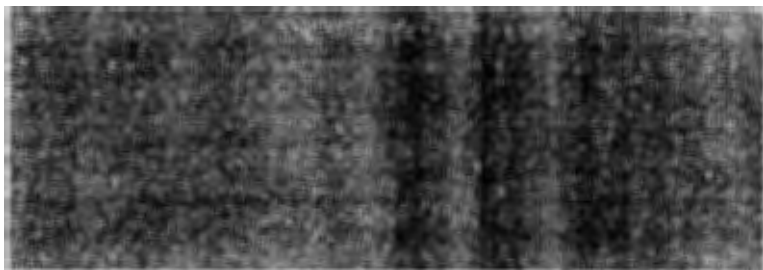
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

****Workers Compensation State: NH**

CERTIFICATE HOLDER

CANCELLATION

State of New Hampshire, Department of Health and Human Services 129 Pleasant St Concord, NH 03301	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 



CONSOLIDATED FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

December 31, 2013

(With Comparative Totals for 2012)

With Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Families in Transition, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of Families in Transition, Inc. and Subsidiaries (the Organization), which comprise the consolidated statement of financial position as of December 31, 2013 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of Millyard Families II, L.P., Bicentennial Families Concord, L.P., Family Bridge, L.P., Family Willows, L.P., and Housing Benefits, Inc. whose statements reflect total assets of \$24,549,940 as of December 31, 2013 and total revenues of \$2,941,738 for the year then ended. Those statements were audited by another auditor, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those subsidiaries, is based solely on the reports of the other auditor. We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 auditor's 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, based on our audit and the reports of the other auditor, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2013, and the consolidated changes in its net assets and its consolidated cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Adjustments to Prior Period Summarized Comparative Information

The consolidated financial statements of the Organization as of December 31, 2012 were audited by another auditor whose opinion dated April 5, 2013, on those statements was qualified because the Organization omitted the financial position of Family OutFITters, LLC, as of December 31, 2012, and its changes in net assets and cash flows for the year then ended. As disclosed in Note 11, the Organization has restated its 2012 consolidated financial statements during 2013 to include the financial position of Family OutFITters, LLC and Manchester Emergency Housing, Inc. and the related changes in their net assets and cash flows, in accordance with U.S. generally accepted accounting principles. The other auditor reported on the 2012 consolidated financial statements before the restatement.

As part of our audit of the 2013 consolidated financial statements, we also audited adjustments described in Note 11 that were applied to restate the accompanying 2012 summarized comparative information. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2012 summarized comparative information of the Organization other than with respect to the adjustments and, accordingly, we do not express an opinion or any form of assurance on the 2012 summarized comparative information as a whole.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, which consists of the consolidating statement of financial position as of December 31, 2013, and the related consolidating statements of activities and functional expenses for the year then ended, is presented for purposes of additional analysis rather than to present the financial position and changes in net assets 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 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
March 28, 2014

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidated Statement of Financial Position

December 31, 2013

(With Comparative Totals for December 31, 2012)

ASSETS

	<u>2013</u>	<u>Restated 2012</u>
Current assets		
Cash and cash equivalents	\$ 738,579	\$ 630,069
Funds held as fiscal agent	96,380	66,506
Accounts receivable	51,296	30,271
Grants receivable	235,517	120,313
Prepaid expenses	65,440	75,060
Reserve cash designated for properties	640,153	618,718
Due from related parties	9,735	8,112
Other assets	<u>40,058</u>	<u>28,257</u>
Total current assets	1,877,158	1,577,306
Replacement reserves	299,029	315,446
Investments	8,537	4,656
Investment in related entity	1,000	1,000
Property and equipment, net	24,075,663	24,816,727
Development in process	1,130,431	25,540
Other assets - financing fees, net	<u>151,229</u>	<u>164,999</u>
Total assets	<u>\$ 27,543,047</u>	<u>\$ 26,905,674</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Current portion of long-term debt	\$ 258,051	\$ 193,166
Accounts payable	136,696	91,932
Accrued expenses	102,519	104,092
Funds held as fiscal agent	96,380	66,506
Deferred revenue	6,825	3,667
Security deposits	<u>40,138</u>	<u>28,250</u>
Total current liabilities	640,609	487,613
Long-term debt, less current portion	<u>9,681,352</u>	<u>9,996,033</u>
Total liabilities	<u>10,321,961</u>	<u>10,483,646</u>
Commitments and contingencies (Notes 3 and 7)		
Net assets		
Unrestricted - controlling interest	10,734,233	9,551,445
Unrestricted - noncontrolling interest	<u>6,114,912</u>	<u>6,652,776</u>
Total unrestricted	16,849,145	16,204,221
Temporarily restricted	<u>371,941</u>	<u>217,807</u>
Total net assets	<u>17,221,086</u>	<u>16,422,028</u>
Total liabilities and net assets	<u>\$ 27,543,047</u>	<u>\$ 26,905,674</u>

The accompanying notes are an integral part of these consolidated financial statements.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year Ended December 31, 2013 (With Comparative Totals for the Year Ended December 31, 2012)

	Unrestricted - Controlling Interest	Unrestricted - Noncontrolling Interest	Total Unrestricted	Temporarily Restricted	2013	Restated 2012
Revenue and support						
Federal, state and other grant support	\$ 3,375,871	\$ -	\$ 3,375,871	\$ 323,328	\$ 3,699,199	\$ 2,463,609
Rental income, net of vacancies	1,493,304	-	1,493,304	-	1,493,304	1,452,951
Thrift store sales	700,667	-	700,667	-	700,667	672,100
Public support	90,985	-	90,985	-	90,985	107,180
Tax credit revenue	68,400	-	68,400	-	68,400	33,600
Special events	176,062	-	176,062	-	176,062	158,436
VISTA program revenue	104,523	-	104,523	-	104,523	94,931
Unrealized gains on investments	3,882	-	3,882	-	3,882	1,078
Loss on disposal of assets	(24,296)	-	(24,296)	-	(24,296)	(51,894)
Interest income	29,262	-	29,262	-	29,262	29,943
In-kind donations	25,397	-	25,397	-	25,397	25,585
Other income	343,132	-	343,132	-	343,132	321,744
Net assets released from restrictions	169,194	-	169,194	(169,194)	-	-
Total revenue and support	6,556,383	-	6,556,383	154,134	6,710,517	5,309,263
Expenses						
Program activities	5,186,469	-	5,186,469	-	5,186,469	4,958,362
Fundraising	387,803	-	387,803	-	387,803	357,247
Management and general	337,187	-	337,187	-	337,187	373,393
Total expenses	5,911,459	-	5,911,459	-	5,911,459	5,689,002
Change in net assets	644,924	-	644,924	154,134	799,058	(379,739)
Change in net assets attributable to noncontrolling interest in subsidiaries	537,864	(537,864)	-	-	-	-
Change in net assets attributable to controlling interest	1,182,788	(537,864)	644,924	154,134	799,058	(379,739)
Net assets, beginning of year, as restated	9,551,445	6,652,776	16,204,221	217,807	16,422,028	16,801,767
Net assets, end of year	\$ 10,734,233	\$ 6,114,912	\$ 16,849,145	\$ 371,941	\$ 17,221,086	\$ 16,422,028

The accompanying notes are an integral part of these consolidated financial statements.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	<u>Program Activities</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>2013 Total</u>	Restated 2012 <u>Total</u>
Salaries and benefits					
Salaries and wages	\$ 1,593,301	\$ 234,973	\$ 176,611	\$ 2,004,885	\$ 2,135,884
Temporary labor	38,656	-	-	38,656	40,367
Employee benefits	179,663	26,569	19,015	225,247	236,932
Payroll taxes	<u>139,247</u>	<u>20,349</u>	<u>14,563</u>	<u>174,159</u>	<u>190,885</u>
Total salaries and benefits	1,950,867	281,891	210,189	2,442,947	2,604,068
Expenses					
Advertising	25,731	390	286	26,407	29,320
Amortization	13,769	-	-	13,769	13,766
Application and permit fees	2,400	-	450	2,850	3,100
Bad debts	10,131	-	-	10,131	-
Bank charges	12,131	-	4,592	16,723	14,950
Consultants	11,847	1,922	27,838	41,607	16,000
Daycare and rental subsidies	261,606	-	-	261,606	142,643
Depreciation	811,611	21,607	15,845	849,063	793,560
Events	2,098	33,246	-	35,344	29,055
General insurance	101,301	658	22,819	124,778	117,280
Interest expense	177,264	-	-	177,264	188,527
Management fees	4,511	-	-	4,511	4,440
Meals and entertainment	3,137	482	354	3,973	7,670
Membership dues	5,627	979	718	7,324	11,641
Office supplies	100,542	6,549	9,964	117,055	202,514
Participant expenses	44,929	-	-	44,929	61,865
Postage	8,702	1,641	1,203	11,546	6,435
Printing	23,065	4,280	3,139	30,484	19,014
Professional fees	75,480	3,815	17,313	96,608	89,523
Repairs and maintenance	387,426	597	438	388,461	343,688
Staff development	8,547	1,733	1,496	11,776	17,347
Subrecipient grants	-	-	-	-	648
Taxes	245,422	-	-	245,422	244,613
Technology support	44,838	7,983	5,854	58,675	63,677
Telephone	53,099	6,596	4,837	64,532	58,994
Travel	41,103	6,493	4,762	52,358	39,576
Utilities	370,708	-	-	370,708	350,889
VISTA program	343,819	-	-	343,819	164,322
Workers' compensation	<u>44,758</u>	<u>6,941</u>	<u>5,090</u>	<u>56,789</u>	<u>49,877</u>
Total expenses	\$ 5,186,469	\$ 387,803	\$ 337,187	\$ 5,911,459	\$ 5,689,002

The accompanying notes are an integral part of these consolidated financial statements.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	<u>2013</u>	Restated <u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ 799,058	\$ (379,739)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	862,832	807,326
Grants received for long-term purposes	(1,184,206)	-
Forgiveness of debt	(131,267)	(131,267)
Unrealized gains on investments	(3,882)	(1,078)
Loss on asset disposal	24,296	51,894
Decrease (increase) in:		
Accounts receivable	(21,025)	175,156
Grants receivable	(115,204)	3,900
Prepaid expenses	9,620	(14,179)
Due from related parties	(1,623)	(8,112)
Other assets	(11,801)	(5,764)
Increase (decrease) in:		
Accounts payable	44,764	(56,572)
Accrued expenses	(1,573)	(71,072)
Deferred revenue	3,158	(2,209)
Security deposits	<u>11,888</u>	<u>1,906</u>
Net cash provided by operating activities	<u>285,035</u>	<u>370,190</u>
Cash flows from investing activities		
Net (deposits to) withdrawals from reserve accounts	(5,018)	32,048
Investment in development in process	(1,104,891)	(25,540)
Acquisition of property and equipment	<u>(132,293)</u>	<u>(1,244,855)</u>
Net cash used by investing activities	<u>(1,242,202)</u>	<u>(1,238,347)</u>
Cash flows from financing activities		
Grants received for long-term purposes	1,184,206	-
Proceeds from borrowing	45,701	490,223
Payments on debt	<u>(164,230)</u>	<u>(193,166)</u>
Net cash provided by financing activities	<u>1,065,677</u>	<u>297,057</u>
Increase (decrease) in cash and cash equivalents	108,510	(571,100)
Cash and cash equivalents, beginning of year	<u>630,069</u>	<u>1,201,169</u>
Cash and cash equivalents, end of year	\$ <u>738,579</u>	\$ <u>630,069</u>

The accompanying notes are an integral part of these consolidated financial statements.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2013

(With Comparative Totals for December 31, 2012)

1. Organization and Summary of Significant Accounting Policies

Organization

Families in Transition, Inc. (the Organization) is a New Hampshire nonprofit, incorporated on May 13, 1994, to provide housing and comprehensive social services to individuals and families who are homeless or at risk of becoming homeless in certain areas of southern New Hampshire, including Manchester, Concord and Dover.

The Organization directly owns and operates housing programs in facilities located on Amherst Street, Spruce Street and Douglas Street in Manchester, New Hampshire. Additional housing facilities are owned and operated by several limited partnerships of which the Organization is the sole general partner. These limited partnerships include Millyard Families II, L.P. (Millyard II), located on Market Street in Manchester; Bicentennial Families Concord, L.P. (Bicentennial), located at Bicentennial Square in Concord; Family Bridge, L.P. (Family Bridge), located on Second Street in Manchester; and Family Willows, L.P. (Family Willows), located on South Beech Street in Manchester (collectively referred to as the Limited Partnerships).

In 2008, the Organization created a Community Development Housing Organization, Housing Benefits, Inc. (Housing Benefits). Housing Benefits identifies and develops new housing units and refurbishes existing units to meet the persistent need of combating homelessness. Completed housing units are located on School & Third Streets, Lowell Street, Belmont Street and Market Street (Millyard Families I), all in Manchester, New Hampshire. An additional housing unit became operational during 2013, located on Central Ave in Dover, New Hampshire.

In 2012, the Organization became the sole member of Manchester Emergency Housing, Inc. (MEH), a New Hampshire nonprofit corporation providing immediate shelter to homeless families in the Manchester, New Hampshire area. MEH is the only family shelter in Manchester, New Hampshire.

The Organization also owns 100% of Family OutFITters, LLC (the OutFITters), a limited liability corporation. The OutFITters operates independent thrift stores in Concord and Manchester, New Hampshire with the sole purpose of generating an alternate funding stream for the Organization.

The Limited Partnerships, Housing Benefits, MEH and the OutFITters constitute the subsidiaries of the Organization.

In 2012, the Organization became the sole member of The New Hampshire Coalition to End Homelessness, a statewide entity, whose mission is to "eliminate the causes for homelessness through research, education and advocacy". The activity of this entity is not deemed material and has not been included in the consolidated financial statements.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2013

(With Comparative Totals for December 31, 2012)

Principles of Consolidation

The Organization has several wholly-owned corporations which include Brick Mill House Families II, Inc. (Brick Mill), Bicentennial Families Concord, Inc. (Bicentennial Families), Second Street Family Mill, Inc. (Family Mill), and Big Shady Tree, Inc. (Big Shady Tree) (collectively referred to as the General Partners), all of which are New Hampshire corporations. These wholly-owned corporations represent the .01% sole general partners in the Limited Partnerships, whereby Brick Mill is general partner of Millyard II, Bicentennial Families is general partner of Bicentennial, Family Mill is general partner of Family Bridge and Big Shady Tree is general partner of Family Willows.

Since the general partners have control in the Limited Partnerships, in accordance with the meaning of Financial Accounting Standards Board *Accounting Standards Codification* Topic 810-20-25, *Consolidation*, each of the Limited Partnerships' financial statements are required to be consolidated with the Organization's consolidated financial statements. Each limited partners' ownership interest is reported in the consolidated statements of financial position as noncontrolling interest.

The consolidated financial statements include the net assets of the Organization, the Limited Partnerships, the General Partners, Housing Benefits, MEH and the OutFITters. All significant interentity balances and transactions are eliminated in the accompanying consolidated financial statements.

Comparative Information

The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles (U.S. GAAP). Accordingly, such information should be read in conjunction with the Organization's December 31, 2012 consolidated financial statements, from which the summarized information was derived. As described in Note 12, certain restatements have been made to this information.

Use of Estimates

The preparation of financial statements in conformity with 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 at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2013

(With Comparative Totals for December 31, 2012)

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified as follows based on the existence or absence of donor imposed restrictions.

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor imposed stipulations that they be maintained permanently by the Organization. The donors of these assets permit the Organization to use all or part of the income earned on related contributions for general or specific purposes. The Organization had no permanently restricted net assets as of December 31, 2013 and 2012.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization records donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support in the year of the gift.

The Organization reports contributions of land, buildings or equipment as unrestricted support, unless a donor places explicit restriction on their use. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support and reclassified to unrestricted net assets when the assets are acquired and placed in service.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. Management regularly monitors the financial institutions, together with their respective cash balances, and attempts to maintain the potential risk at a minimum. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant risk on these accounts.

Restricted deposits are those deposits of cash and cash equivalents not generally available for operating costs, but restricted to particular uses including operating and replacement reserves for rental properties as well as certain other social services and programs.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2013

(With Comparative Totals for December 31, 2012)

Property and Equipment

Property and equipment are recorded at cost or, if donated, at estimated fair market value at the date of donation less accumulated depreciation. The Organization's capitalization policy requires the capitalization of capital expenditures greater than \$1,000, while ordinary maintenance and repairs are charged to expense. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, ranging from 5 to 30 years. Assets not in service are not depreciated.

Volunteer Services (unaudited)

A number of volunteers have donated their time to the Organization's various program and administrative services. The value of these services has not been included in the accompanying consolidated financial statements since the volunteers' time does not meet criteria for recognition. The estimated value of donated time for the years ended December 31, 2013 and 2012, is approximately \$780,000 and \$630,000, respectively.

Functional Expense Allocation

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is a tax-exempt Section 170(b)(1)(A)(vi) public charity 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. Accordingly, no provision for income taxes has been reflected in these financial statements.

The standards for accounting for uncertainty in income taxes require the Organization to report any uncertain tax positions and to adjust its financial statements for the impact thereof. As of December 31, 2013 and 2012, the Organization determined that it had no tax positions that did not meet the "more-likely-than-not" threshold of being sustained by the applicable tax authority. The Organization files an informational return in the United States. This return is generally subject to examination by the federal government for the last three years.

No provision for taxes on income is made in the Limited Partnerships' financial statements since, as a partnership, all taxable income and losses are allocated to the partners for inclusion in their respective tax returns.

Reclassification

Certain amounts in the 2012 financial statements have been reclassified to conform to the current year's presentation.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2013
(With Comparative Totals for December 31, 2012)

2. Property and Equipment

Property and equipment consisted of the following:

	<u>2013</u>	<u>2012</u>
Land	\$ 2,204,135	\$ 2,204,135
Land improvements	502,947	502,947
Buildings and improvements	25,854,317	25,835,852
Furniture and fixtures	503,087	481,783
Equipment	372,668	345,835
Vehicles	<u>214,065</u>	<u>205,749</u>
	29,651,219	29,576,301
Less: accumulated depreciation	<u>5,575,556</u>	<u>4,759,574</u>
Property and equipment, net	\$ <u>24,075,663</u>	\$ <u>24,816,727</u>

3. Development in Process

The Organization began the development of the Hayward Street Permanent Supportive Housing Program (Hayward St. Program) during 2012 through funding received by Housing Benefits from the U.S. Department of Housing and Urban Development, passed through the City of Manchester, New Hampshire, known as Neighborhood Stabilization Program grants. The funds were used to purchase a vacant lot in Manchester, New Hampshire to construct a building that will be used to provide housing and supportive services to approximately ten individuals and families who are homeless. The facility will contain four 2-bedroom apartments and two 1-bedroom apartments. In addition to safe and affordable housing, tenants receive comprehensive supportive services designed to ensure long-term stability and wellness. The Hayward St. Program was placed in service on March 1, 2014 with the Organization investing approximately \$1,500,000 in the development of the Hayward St. Program.

4. Line of Credit

The Organization has a line of credit agreement, renewed annually, with a financial institution in the amount of \$100,000. During the term of the agreement, the interest rate on any outstanding principal balance shall be equal to the base rate, as defined by the financial institution, with a floor of 4%. There was no outstanding balance or activity as of and for the years ended December 31, 2013 and 2012.

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2013
(With Comparative Totals for December 31, 2012)

5. Long-term Debt

Long-term debt consists of the following:

	<u>2013</u>	<u>2012</u>
A mortgage loan payable to New Hampshire Housing Finance Authority (NHHFA) in monthly payments of \$680, including interest at 1% and an escrow of \$289. The note is collateralized by real estate located on Amherst Street, Manchester, New Hampshire. The loan is due and payable in full in January 2033.	\$ 71,011	\$ 74,374
A note payable to NHHFA. The note is non-interest bearing and is collateralized by real estate located on Amherst Street, Manchester, New Hampshire. The loan is due and payable upon sale or refinancing of the property or in June 2042.	163,283	123,249
A mortgage loan payable to St. Mary's Bank in monthly payments of \$990, including interest at 6.25%. The note is collateralized by real estate on Spruce Street, Manchester, New Hampshire and is due and payable in full in February 2019.	136,628	139,741
Three vehicle loans payable to a dealership in monthly payments of \$206 per loan at 6.99% annual interest rate. The loans were paid in July 2013.	-	4,280
A vehicle loan on an activity bus payable to New Hampshire Health and Education Facilities Authority in monthly payments of \$525 at 1% annual interest rate. The loan is due and payable in February 2017.	19,621	25,689
A mortgage note, collateralized by real estate at Beech Street, Manchester, New Hampshire, payable to TD Bank, N.A. in monthly payments of \$1,359, including interest at 7.1% and principal. The loan is due and payable in full in November 2023.	108,818	117,608
A mortgage note, collateralized by real estate on Douglas Street, Manchester, New Hampshire payable to RBS Citizens Bank in monthly payments of \$2,126, including interest at 4.93% and principal. The loan is due and payable in full in April 2024.	258,443	264,855
Non-interest bearing note payable to the City of Manchester, New Hampshire, payable in annual installments of \$1,977. The loan is due and payable in full in October 2014.	1,977	3,955

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2013
(With Comparative Totals for December 31, 2012)

A mortgage note payable by Bicentennial Families Concord, L.P., to NHHFA, collateralized by real estate and personal property. Monthly payments of \$1,095 include interest at 4.75% per annum until the principal and interest are fully paid with the final installment due and payable on May 1, 2034.	170,083	175,021
A promissory note payable by Bicentennial Families Concord, L.P., to NHHFA. The note is non-interest bearing and is collateralized by real estate and various financing instruments. The loan is due and payable in May 2034.	102,647	102,325
A promissory note by Bicentennial Families Concord, L.P. to NHHFA. The note is non-interest bearing and is collateralized by real estate and various financing instruments. The loan is due and payable in May 2033.	337,720	337,720
A promissory note payable by Bicentennial Families Concord, L.P. to Merrimack County. The note is non-interest bearing and is collateralized by real estate and various financing instruments. All unpaid amounts are due and payable in full May 27, 2033.	260,000	260,000
A non-interest bearing, mortgage note payable by Millyard Families II, L.P. to NHHFA. The note is collateralized by real estate and various financing instruments. The loan is due and payable upon sale or refinancing of the property or in May 2031. This loan is non-recourse.	462,309	462,309
A mortgage note payable by Millyard Families II, L.P. to NHHFA. The note is collateralized by real estate and personal property. Monthly payments of \$1,729 include principal and interest at 3.5% per annum. The final installment is due and payable on September 1, 2032.	279,885	290,630
A non-interest bearing, mortgage note payable by Millyard Families II, L.P. to the City of Manchester, New Hampshire, collateralized by the real estate and various financing instruments. All unpaid amounts are due and payable in full on August 1, 2031. This note is non-recourse.	227,521	227,521
A non-interest bearing, mortgage note payable by Millyard Families II, L.P. to the New Hampshire Community Loan Fund, Inc., collateralized by real estate. All unpaid amounts are due and payable in full on December 31, 2031. This note is non-recourse.	250,000	250,000

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2013
(With Comparative Totals for December 31, 2012)

A mortgage note payable by Millyard Families I to the City of Manchester Community Improvement Program, collateralized by real estate. The note is non-interest bearing and is due and payable in January 2027.	230,000	230,000
A note payable by Millyard Families I to the New Hampshire Community Loan Fund collateralized by real estate. Monthly payments of \$1,121 include principal and interest at 2% per annum. The final installment is due and payable on June 15, 2022.	105,058	116,285
A mortgage note payable by Family Bridge, L.P. to NHHFA collateralized by real estate and personal property. The note bears no interest and is to be repaid from 50% of available surplus cash annually with all remaining principal due on August 30, 2034.	850,000	850,000
A promissory note payable by Family Bridge, L.P. to TD Bank, N.A. collateralized by real estate. Monthly payments of \$3,953 include principal and interest at 7.71%. The loan is payable in full in October 27, 2023.	492,270	501,084
A promissory note payable by Family Bridge, L.P. to the City of Manchester, New Hampshire. The note is non-interest bearing and all outstanding principal is due by October 1, 2034. The note is collateralized by real estate and is non-recourse.	600,000	600,000
A mortgage note payable by Family Willows, L.P. to NHHFA, collateralized by real estate and personal property. The note bears no interest and is to be repaid from 50% of available surplus cash annually with all remaining principal due on July 9, 2037.	598,957	598,957
A promissory note payable by Family Willows, L.P. to the City of Manchester, New Hampshire. The note is non-interest bearing and has an annual payment of \$9,091 payable on October 1 each year. All outstanding principal is due by October 2029. The note is collateralized by real estate and is non-recourse.	136,363	154,545
A promissory note payable by Family Willows, L.P. to RBS Citizens Bank. Monthly payments of principal and interest (currently at 3.25%) of \$2,207 are due until October 14, 2033 when all outstanding principal and interest must be paid. The note is collateralized by real estate and is guaranteed by Families in Transition.	324,506	336,191

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2013
(With Comparative Totals for December 31, 2012)

A mortgage note payable by School & Third Street to NHHFA, collateralized by real estate and personal property. Monthly payments of \$2,774, include principal and interest at 8% per annum. The note is due April 1, 2021.	182,653	200,540
A mortgage note payable by School & Third Street to New Hampshire Community Loan Fund, collateralized by real estate. The note is non-interest bearing. Monthly payments of \$2,774 will commence in April 2021 and continue until maturity in September 2039.	617,613	617,613
A non-interest bearing mortgage note payable by Belmont Street to NHHFA, collateralized by real estate and personal property. The note will be paid annually in amounts equal to 50% of surplus cash and must be paid in full by December 2040.	433,000	433,000
A privately-financed mortgage note collateralized by property located at South Main Street in Concord, New Hampshire. Monthly payments of \$3,158 include principal and interest at 6.25% per annum. The note will be paid in full in September 2031.	405,761	417,878
A non-interest bearing mortgage note payable from Lowell Street to NHHFA, collateralized by real estate and personal property. The note will be paid annually in amounts equal to 50% of surplus cash. The loan is due and payable in August 2040.	59,157	78,681
A non-interest bearing mortgage note payable from Lowell Street to the City of Manchester, New Hampshire, collateralized by real estate. Annual payments equal to the greater of 25% of new cash flow or \$4,000 commenced in October 2012 and will continue until the maturity date in June 2041.	188,287	198,049
A non-interest promissory note payable by Lowell Street to NHHFA collateralized by a mortgage and security agreement on real estate. The note will be forgiven 1/15th per year over the low-income housing tax credit compliance period. A total of \$131,267 in income was recognized during 2012. The loan is due and payable in August 2040.	1,640,832	1,772,099

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2013
(With Comparative Totals for December 31, 2012)

A promissory note payable by Dover to NHHFA. The note bears no interest and is collateralized by a mortgage and security agreement on real estate. The note will be paid annually from surplus cash and must be paid in full by June 2028.

	<u>225,000</u>	<u>225,000</u>
	9,939,403	10,189,199
Less current portion	<u>258,051</u>	<u>193,166</u>
	\$ <u>9,681,352</u>	\$ <u>9,996,033</u>

Principal maturities of the above notes over the next five years and thereafter are as follows:

2014	\$ 258,051
2015	261,639
2016	268,053
2017	269,625
2018	275,812
Thereafter	<u>8,606,223</u>
	\$ <u>9,939,403</u>

Cash paid for interest approximates interest expense.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes:

	<u>2013</u>	<u>2012</u>
The Family Place	\$ 21,131	\$ 5,018
Research and training	19,551	40,000
Lowell Street	12,500	12,932
Manchester Emergency Housing	203,257	13,700
Scholarships and tutoring	6,879	12,595
VISTA program	54,484	71,992
Housing programs	4,700	20,000
Direct care for clients	24,439	16,570
Grant receivable - time restricted	<u>25,000</u>	<u>25,000</u>
	\$ <u>371,941</u>	\$ <u>217,807</u>

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2013
(With Comparative Totals for December 31, 2012)

7. Commitments

Under the terms of the Limited Partnerships' Regulatory Agreements with NHHFA, each Limited Partnership is required to make deposits to various escrow accounts to fund expected future costs.

Each Limited Partnership has entered into a Land Use Restriction Agreement with NHHFA, as a condition of the allocation of low-income housing tax credits by NHHFA. Pursuant to the covenant, the Limited Partnerships are required to remain in compliance with Internal Revenue Code, Section 42 for the compliance period and an extended use period, unless terminated sooner.

8. Retirement Plan

The Organization has a tax deferred retirement plan which is available to all full-time employees. All employees are eligible to participate and are fully vested with the first contribution. The Organization matches contributions at 100% up to 3% of compensation. The Organization contributed \$32,692 and \$36,142 during the years ended December 31, 2013 and 2012, respectively.

9. Housing Action New Hampshire

In 2011, the Organization entered into a Fiscal Sponsorship Agreement with Housing Action New Hampshire (HANH), an unincorporated association. Authority to manage the programmatic activities of HANH is vested solely in HANH. The Company maintains the books and financial records for HANH in accordance with U.S. GAAP. HANH funds are presented in the Organization's consolidated statement of financial position as funds held as fiscal agent.

10. Noncontrolling Interest

Noncontrolling interest, as shown in the consolidated statement of financial position, represents investments by limited partners in the Limited Partnerships as follows as of December 31:

<u>Limited Partner</u>	<u>Property</u>	<u>2013</u>	<u>2012</u>
Community Capital 2000 New Hampshire Housing Equity Fund, Inc.	Millyard II	\$ 1,080,482	\$ 1,159,663
JP Morgan Chase	Bicentennial	382,492	440,412
BCCC, Inc.	Bicentennial	382,589	440,498
Boston Capital Corporate	Family Bridge	10	10
BCCC, Inc.	Family Bridge	1,853,769	2,056,161
Boston Capital Midway	Family Willows	10	10
	Family Willows	<u>2,415,560</u>	<u>2,556,022</u>
		<u>\$ 6,114,912</u>	<u>\$ 6,652,776</u>

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2013

(With Comparative Totals for December 31, 2012)

11. Restatement of Net Assets

MEH and the OutFITters were wholly owned subsidiaries in 2012; however, management decided to omit the activity of these two subsidiaries from the 2012 consolidated financial statements. In 2013, management included both entities in the consolidated financial statements and restated the 2012 summarized comparative information. The effect of the restatement as of January 1, 2012 and 2013 is as follows:

	<u>2013</u>	<u>2012</u>
Unrestricted net assets - controlling interest, January 1 (as previously stated)	\$ 9,443,806	\$ 9,070,922
Amount of restatement to include subsidiaries in the consolidated financial statements	<u>107,639</u>	<u>205,217</u>
Unrestricted net assets - controlling interest, January 1 (restated)	\$ <u>9,551,445</u>	\$ <u>9,276,139</u>

The restatement resulted in a decrease in previously reported net assets for the year ended December 31, 2012 of \$97,578

12. Subsequent Events

For purposes of the preparation of these consolidated financial statements in conformity with U.S. GAAP, management has considered transactions or events occurring through March 28, 2014, the date the consolidated financial statements are available to be issued.

The Organization has signed a purchase and sale agreement with the City of Manchester for the purchase of a building that is expected to be used in the construction of a new facility that will provide comprehensive services to families who are homeless or at risk of homelessness. The final closing on the purchase of the property is anticipated to occur in 2014. The facility will be collectively known as the Family Place Resource Center and Shelter and will house a new and expanded family shelter, as well as a comprehensive resource center specifically designed to meet the needs of homeless families and children. The shelter will consist of 12 units of emergency housing for families who are in need of immediate shelter. The services include, but are not limited to, centralized assessment and referral, hot meals, access to an onsite food pantry, onsite medical care, and therapeutic preschool programming for children. The project is expected to cost approximately \$1.8 million and will be financed with funds from NHHFA, Community Development Finance Authority funds, foundation donations and private donations. The project is expected to be completed in 2015.

SUPPLEMENTARY INFORMATION

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidating Statement of Financial Position

December 31, 2013

ASSETS

	Families In Transition Unrestricted	Limited Partnerships	Housing Benefits	Family OutFitters	Manchester Emergency Housing	Families in Transition Temporarily Restricted	Eliminations	Total
Current assets								
Cash and cash equivalents	\$ 224,016	\$ 26,920	\$ 66,371	\$ 67,988	\$ 6,343	\$ 346,941	\$ -	\$ 738,579
Funds held as fiscal agent	96,380	-	-	-	-	-	-	96,380
Accounts receivable	128,036	13,822	7,097	-	-	-	(97,659)	51,296
Grants receivable	204,888	-	2,859	-	2,770	25,000	-	235,517
Prepaid expenses	8,795	24,634	20,255	9,078	2,678	-	-	65,440
Accrued interest receivable on related party note	661,985	-	-	-	-	-	(661,985)	-
Reserve cash designated for properties	3,103	399,501	237,549	-	-	-	-	640,153
Due from related party	157,381	838	60,923	141,538	-	-	(350,945)	9,735
Other assets	10,260	17,317	12,481	-	-	-	-	40,058
Total current assets	1,494,844	483,032	407,535	218,604	11,791	371,941	(1,110,589)	1,877,158
Replacement reserves	27,590	169,392	102,047	-	-	-	-	299,029
Related party notes receivable	1,725,799	-	-	-	-	-	(1,725,799)	-
Investments	8,537	-	-	-	-	-	-	8,537
Investment in related entities	1,196,347	-	25,051	-	-	-	(1,220,398)	1,000
Property and equipment, net	2,267,912	14,353,991	7,673,457	15,519	45,484	-	(280,700)	24,075,663
Development in process	225	-	1,184,206	-	-	-	(54,000)	1,130,431
Other assets - financing fees, net	-	69,694	81,535	-	-	-	-	151,229
Total assets	\$ 6,721,254	\$ 15,076,109	\$ 9,473,831	\$ 234,123	\$ 57,275	\$ 371,941	\$ (4,391,486)	\$ 27,543,047

LIABILITIES AND NET ASSETS

Current liabilities								
Current portion of long-term debt	\$ 44,036	\$ 47,923	\$ 166,092	\$ -	\$ -	\$ -	\$ -	\$ 258,051
Accounts payable	66,740	137,936	21,926	6,051	1,702	-	(97,659)	136,696
Accrued expenses	84,295	511,180	154,869	14,160	-	-	(661,985)	102,519
Funds held as fiscal agent	96,380	-	-	-	-	-	-	96,380
Due to related entities	85,658	70,327	62,955	132,005	-	-	(350,945)	-
Deferred revenue	2,701	3,327	797	-	-	-	-	6,825
Security deposits	10,335	17,317	12,486	-	-	-	-	40,138
Total current liabilities	390,145	788,010	419,125	152,216	1,702	-	(1,110,589)	640,609
Long-term debt, less current portion	-	-	-	-	-	-	(1,725,799)	-
Total liabilities	1,121,508	6,370,136	3,915,507	-	-	-	(1,725,799)	9,681,352
Net assets	1,511,653	7,158,146	4,334,632	152,216	1,702	-	(2,836,388)	10,321,961
Unrestricted - controlling interest	5,209,601	1,803,051	5,139,199	81,907	55,573	-	(1,555,098)	10,734,233
Unrestricted - noncontrolling interest	-	6,114,912	-	-	-	-	-	6,114,912
Total unrestricted	5,209,601	7,917,963	5,139,199	81,907	55,573	-	(1,555,098)	16,849,145
Temporarily restricted	-	-	-	-	-	371,941	-	371,941
Total net assets	5,209,601	7,917,963	5,139,199	81,907	55,573	371,941	(1,555,098)	17,221,086
Total liabilities and net assets	\$ 6,721,254	\$ 15,076,109	\$ 9,473,831	\$ 234,123	\$ 57,275	\$ 371,941	\$ (4,391,486)	\$ 27,543,047

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidating Statement of Activities

Year Ended December 31, 2013

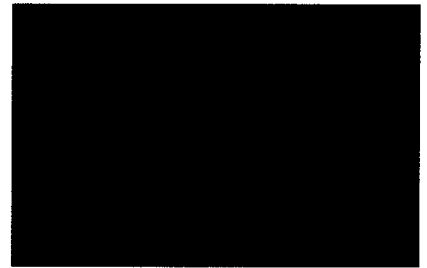
	Families In Transition Operating	Limited Partnerships	Housing Benefits	Family OutFITTERs	Manchester Emergency Housing	Eliminations	Unrestricted Total	Temporarily Restricted	Total
Revenue and support									
Federal, state and other grant support	\$ 2,042,045	\$ -	\$ 1,429,567	\$ -	\$ 150,772	\$ (246,513)	\$ 3,375,871	\$ 323,328	\$ 3,699,199
Rental income, net of vacancies	245,581	885,422	436,676	-	4,371	(78,746)	1,493,304	-	1,493,304
Thrift store sales	-	-	-	700,667	-	-	700,667	-	700,667
Public support	85,985	-	25,040	-	-	(20,040)	90,985	-	90,985
Tax credit revenue	68,400	-	-	-	-	-	68,400	-	68,400
Special events	176,062	-	-	-	-	-	176,062	-	176,062
Property management fees	518,502	-	-	-	-	(518,502)	-	-	-
Developer fees	54,000	-	-	-	-	(54,000)	-	-	-
VISTA program revenue	104,523	-	-	-	-	-	104,523	-	104,523
Unrealized gains on investments	3,882	-	-	-	-	-	3,882	-	3,882
Loss on disposal of assets	(21,044)	(1,602)	-	-	(1,650)	-	(24,296)	-	(24,296)
Interest income	96,619	407	5	-	-	(67,769)	29,262	-	29,262
In-Kind donations	25,397	-	-	-	-	-	25,397	-	25,397
Other income	233,681	25,559	140,664	3,228	-	(60,000)	343,132	-	343,132
Net assets released from restrictions	169,194	-	-	-	-	-	169,194	(169,194)	-
Total revenue and support	3,802,827	909,786	2,031,952	703,895	153,493	(1,045,570)	6,556,383	154,134	6,710,517
Expenses									
Program activities	2,992,932	1,447,703	816,255	693,653	159,351	(923,425)	5,186,469	-	5,186,469
Fundraising	387,803	-	-	-	-	-	387,803	-	387,803
Management and general	405,332	-	-	-	-	(68,145)	337,187	-	337,187
Total expenses	3,786,067	1,447,703	816,255	693,653	159,351	(991,570)	5,911,459	-	5,911,459
Excess (deficiency) of revenue and support over expenses	16,760	(537,917)	1,215,697	10,242	(5,858)	(54,000)	644,924	154,134	799,058
Contribution for long-term purposes	-	-	280,700	-	-	(280,700)	-	-	-
Change in net assets	\$ 16,760	\$ (537,917)	\$ 1,496,397	\$ 10,242	\$ (5,858)	\$ (334,700)	\$ 644,924	\$ 154,134	\$ 799,058

FAMILIES IN TRANSITION, INC. AND SUBSIDIARIES

Consolidating Statement of Functional Expenses

Year Ended December 31, 2013

	Program Activities						Management and General	Fundraising	Eliminations	Total
	Families In Transition Operating	Limited Partnerships	Housing Benefits	Family Out/Fitters	Manchester Emergency Housing	Program Activities Total				
Salaries and benefits										
Salaries and wages	\$ 1,172,090	\$ -	\$ -	\$ 341,831	\$ 79,380	\$ 1,593,301	\$ 176,611	\$ 234,973	\$ -	\$ 2,004,885
Temporary labor	16,894	-	805	15,479	5,478	38,656	-	-	-	38,656
Employee benefits	132,369	-	-	40,169	7,125	179,663	19,015	26,569	-	225,247
Payroll taxes	101,382	-	-	29,463	8,402	139,247	14,563	20,349	-	174,159
Total salaries and benefits	<u>1,422,735</u>	<u>-</u>	<u>805</u>	<u>426,942</u>	<u>100,385</u>	<u>1,950,867</u>	<u>210,189</u>	<u>281,891</u>	<u>-</u>	<u>2,442,947</u>
Advertising	1,924	-	273	23,534	-	25,731	286	390	-	26,407
Amortization	-	7,245	6,524	-	-	13,769	-	-	-	13,769
Application and permit fees	-	960	1,440	-	-	2,400	450	-	-	2,850
Bad debts (recoveries)	2,486	8,155	(510)	-	-	10,131	-	-	-	10,131
Bank charges	-	76	157	11,862	36	12,131	4,592	-	-	16,723
Consultants	9,484	-	-	1,318	1,045	11,847	27,838	-	-	41,607
Daycare and rental subsidies	261,606	-	-	-	-	261,606	-	-	-	261,606
Depreciation	106,594	481,929	214,323	2,498	6,267	811,611	15,845	-	-	849,063
Events	-	-	338	1,760	-	2,098	-	-	-	35,344
General insurance	29,033	34,413	27,081	3,883	6,891	101,301	22,819	658	-	124,778
Interest expense	63,619	135,674	45,740	-	-	245,033	-	-	(67,769)	177,264
Management fees	100,068	233,531	166,284	-	23,130	523,013	-	-	(518,502)	4,511
Meals and entertainment	2,381	-	436	250	70	3,137	354	482	-	3,973
Membership dues	4,832	-	-	795	-	5,627	718	979	-	7,324
Office supplies	84,405	1,423	3,322	11,114	278	100,542	9,964	6,549	-	117,055
Participant expenses	43,628	-	335	55	911	44,929	-	-	-	44,929
Postage	8,095	-	-	607	-	8,702	1,203	1,641	-	11,546
Printing	21,115	-	-	1,462	488	23,065	3,139	4,280	-	30,484
Professional fees	25,493	26,349	17,620	5,785	233	75,480	17,313	3,815	-	96,608
Related entity expenditures	185,463	-	28,995	60,000	-	274,458	52,095	-	(326,553)	-
Rent	-	-	-	62,696	-	62,696	16,050	-	(78,746)	-
Repairs and maintenance	52,924	177,132	117,254	31,414	8,702	387,426	438	597	-	388,461
Staff development	8,547	-	-	-	-	8,547	1,496	1,733	-	11,776
Taxes	40,079	127,290	74,767	3,211	75	245,422	-	-	-	245,422
Technology support	39,380	246	2,848	656	1,708	44,838	5,854	7,983	-	58,675
Telephone	39,488	710	5,506	5,191	2,204	53,099	4,837	6,596	-	64,532
Travel	32,032	1,549	899	6,610	13	41,103	4,762	6,493	-	52,358
Utilities	29,463	211,021	101,818	21,491	6,915	370,708	-	-	-	370,708
VISTA program	343,819	-	-	-	-	343,819	-	-	-	343,819
Workers' compensation	34,239	-	-	10,519	-	44,758	5,090	6,941	-	56,789
Total expenses	<u>\$ 2,992,932</u>	<u>\$ 1,447,703</u>	<u>\$ 816,255</u>	<u>\$ 693,653</u>	<u>\$ 159,351</u>	<u>\$ 6,109,894</u>	<u>\$ 405,332</u>	<u>\$ 387,803</u>	<u>\$ (991,570)</u>	<u>\$ 5,911,459</u>





STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate
Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

G&C Approved

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

Date

6/5/13

Item #

102A

50.6% Federal
47.4% General

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug and Alcohol Services, to exercise renewal options with vendors by increasing the price limitations by \$7,596,887 in aggregate from \$7,596,890 in aggregate to \$15,193,777 in aggregate for a continuum of substance abuse treatment services state-wide and extending the completion date from June 30, 2013 to June 30, 2014, effective July 1, 2013 or date of Governor and Council approval, whichever is later.

Summary of contracted amounts by vendor:

<u>Vendor</u>	<u>Amount</u>
Child and Family Services of New Hampshire	\$86,803
Concord Hospital, Inc.	\$74,406
Families First of the Greater Seacoast	\$28,922
Families in Transition	\$332,530
Greater Nashua Council on Alcoholism	\$1,356,945
Headrest, Inc.	\$251,450
Horizons Counseling Center, Inc.	\$189,576
Manchester Alcoholism Rehabilitation Center	\$1,120,599
The Mental Health Center of Greater Manchester, Inc.	\$27,114
Monadnock Family Services	\$97,819
Northern Human Services	\$199,025
Phoenix Houses of New England, Inc.	\$1,457,490
National Council on Alcoholism and Drug Dependence of Greater Manchester	\$432,468
Southeastern New Hampshire Alcohol and Drug Abuse Services	\$1,329,836
Tri-County Community Action Programs, Inc.	\$611,904
TOTAL	\$7,596,887

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 2 of 4

Funds to support this request are anticipated to be available in the following accounts in SFY 2014 upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts within the price limitation and amend the related terms of the contracts without further approval from Governor and Executive Council.

05-95-49-491510-2989 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, GOVERNOR COMMISSION FUNDS (100% General Funds)

05-95-49-491510-2990 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, CLINICAL SERVICES (34.4% General 65.6% Federal)

Please see attachment for financial details

EXPLANATION

The requested action seeks approval of 15 of 17 agreements that represent \$7,596,887 of the \$7,741,314 total anticipated to be spent state-wide to provide a continuum of substance abuse treatment services via the accounting codes listed. These services include community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children. This request seeks to exercise the renewal option that exists within each of the vendor contracts. The Department anticipates that the remaining two agreements will be presented to Governor and Executive Council on June 19, 2013.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, these contracts will continue to allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 3 of 4

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

The vendors were originally selected for this agreement through a competitive bid process. This request covers services for the period July 1, 2013 to June 30, 2014, and anticipates exercising the option to renew for one additional year as provided all of the previous vendor contracts, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with the listed vendors in State Fiscal Year 2013 in the amount of \$7,741,314 in the aggregate. This agreement represents level funding of all vendors.

The following performance measures will be used to measure the effectiveness of the agreements:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for I intensive outpatient treatment services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 4 of 4

Contractors, with the exception of those agencies that only offer outpatient services, are required to develop the capacity for group recovery support aftercare services for a minimum of 25% of the number treatment clients (including outpatient and transitional living program clients) they are under contract to serve. Group recovery support aftercare services are services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Recovery Support Services include, but are not limited to, guidance in financial management, parenting, vocational training, life management and spiritual counseling as well as transportation and child-care. These group recovery support services are for clients discharged from substance use disorder treatment services provided under contract with the Bureau of Drug and Alcohol Services on behalf of the Department, which may include clients that had received SUD treatment from the Contractor or a different agency. Contractors are only allowed to access these services for their clients or clients that had received substance use disorder treatment from a different agency through the statewide care coordination program under agreement with the Bureau of Drug and Alcohol Services on behalf of the Department.

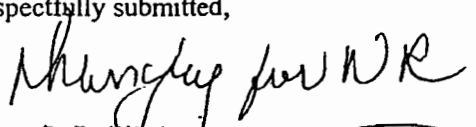
All treatment programs under contract with the Bureau of Drug and Alcohol Services on behalf of the Department are required to report on the National Outcome Measures (see attached) established by the Substance Abuse and Mental Health Services Administration, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the Electronic Health Record/Web Infrastructure Treatment System. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions. The Contractor is expected to meet or exceed these percentages as measured by the Electronic Health Record/Web Infrastructure Treatment System.

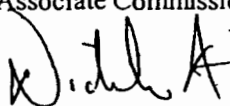
Area served: State-wide

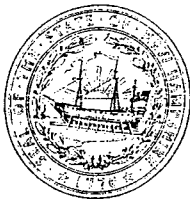
Source of Funds: 52.6% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant and 47.4% General .

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

Respectfully submitted,


Nancy L. Rollins
Associate Commissioner

Approved by: 
Nicholas A. Toumpas
Commissioner



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

May 29, 2012

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

Approved by: G+C
Date: 6/20/12
Item No.: 101
Contract No.: 1024194

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug & Alcohol Services, to enter into an agreement with Families in Transition (Vendor #157730 B001), 122 Market Street, Manchester, NH 03101, to provide for a continuum of substance abuse treatment services, in an amount not to exceed \$332,530.00 to be effective July 1, 2012 or date of Governor and Council approval, whichever is later, through June 30, 2013. Funds are available in the following accounts for State Fiscal Year 2013:

05-95-95-958410-5365 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, ALCOHOL AND OTHER TREATMENT

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95846501	\$332,530.00
			Subtotal	\$332,530.00
			Total	\$332,530.00

EXPLANATION

The purpose of this agreement is to provide a continuum of substance abuse treatment services such as community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children, in the Manchester area.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, this contract will allow the State to improve the quality and array of services available to clients. Quality improvement efforts

include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

Families in Transition was selected for this agreement through a competitive bid process. A Request for Proposals was posted on the Department's web site on March 6, 2012 through April 2, 2012. In addition, a bidder's conference was held on March 12, 2012.

A total of 19 proposals were received. A review committee of three professionals reviewed each proposal. All reviewers have between three to twenty years experience managing agreements with vendors for various public health programs. Areas of specific expertise include: maternal and child health; substance abuse prevention and treatment; chronic and communicable diseases; and public health infrastructure. Eighteen of the proposals were selected for funding based on review criteria that included availability of funds, consistency with stated funding priorities, technical score, and equitable geographic distribution. The agency that was not selected did not meet the minimum scoring criteria established for funding. The Bid Summary is attached.

This request covers services for the period July 1, 2012 to June 30, 2013, with an option to renew for one additional year, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with this agency in State Fiscal Year 2012 in the amount of \$332,530.00. This agreement represents level funding.

The following performance measures will be used to measure the effectiveness of the agreement:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.

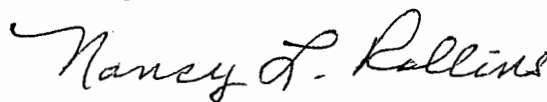
- ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
- iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services (OP)
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services (IOP) – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for IOP services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Area served: Manchester area.

Source of Funds: 100% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant.

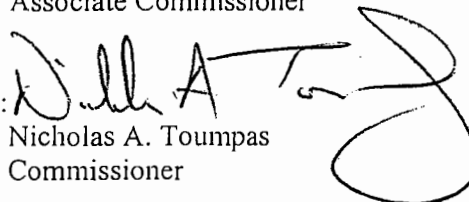
In the event that the Federal or Other Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner





**State of New Hampshire
Department of Health and Human Services
Amendment #2 to the Substance Use Disorder Treatment and Recovery Support Services
Contract**

This 2nd Amendment to the Substance Use Disorder Treatment and Recovery Support Services contract (hereinafter referred to as "Amendment 2") dated this 15th day of May 2014, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Grafton County (hereinafter referred to as "the Contractor"), with a place of business at 3865 Dartmouth College Highway, North Haverhill, NH 03774.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on June 20, 2012, (item # 96) and amended by an agreement (Amendment #1 to the Contract) approved on July 10, 2013, (Item # 50), 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, the State may amend the Contract by written agreement of the parties; and;

WHEREAS, the parties agree to extend the current contract by one year.

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:

- 1) Amend Form P-37, Block 1.6 to read:
 - a) 05-95-49-491510-29890000-102-500734
 - b) 05-95-49-491510-29900000-102-500734
- 2) Amend Form P-37, Block 1.7 to read June 30, 2015.
- 3) Amend Form P-37, Block 1.8 to read \$208,233
- 4) Delete Exhibit A and replace with Exhibit A Amendment #2
- 5) Delete Exhibit B and replace with Exhibit B Amendment #2

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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,

5/29/14
Date

State of New Hampshire
Department of Health and Human Services

NAME
TITLE

Melanie G. Strider

Grafton County

5.27.14
Date

NAME
TITLE

Julie R. Clough

Acknowledgement:

State of NH, County of Grafton on 5.27.14, 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

Leshie A. Lackie
Name and Title of Notary or Justice of the Peace

Term Expires November 20, 2018

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

OFFICE OF THE ATTORNEY GENERAL

6-2-14
Date

Rosemary Wiant
Name: Rosemary Wiant
Title: Assistant Attorney General

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:

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



Exhibit A Amendment #2

Scope of Services

A. Population Served

Services are available to New Hampshire residents who meet diagnostic, financial, and other eligibility criteria for Department of Health and Human Services supported substance use disorder services as defined in Section C, Clients Eligible for Treatment Services.

B. The Contractor shall provide treatment services as identified below:

Service Table - An "X" denotes that the Contractor shall provide that service(s) to eligible individuals in accordance with all applicable laws, rules, and regulations and terms and conditions of this Agreement.

Required Services	Treatment Services
X	Outpatient Treatment (ASAM Level 1) - Substance abuse treatment services provided in individual and group counseling sessions in a non-residential setting. Clients may be enrolled in outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Outpatient Treatment (ASAM Level 1) – Pregnant & Parenting Women – Outpatient Treatment as identified above provided to pregnant & parenting women.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – A combination of individual and group substance abuse treatment services conducted in an outpatient setting for a minimum of 3 hours of direct client treatment services per day for a minimum of three days per week. Clients receiving less than this level of service should be enrolled in an outpatient program. Clients may be enrolled in intensive outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – Pregnant & Parenting Women - Intensive Outpatient Treatment as identified above provided to pregnant & parenting women.
	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Residential substance abuse treatment services are designed to support individuals in the early stages of recovery that need this residential level of care and/or are homeless. The goal of these programs is to prepare clients to become self-sufficient in the community. Clients may be enrolled in low-intensity residential treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days. Residents typically work in the community and may pay a portion of their room and board.
	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Pregnant Women - Low-Intensity Residential Treatment as identified above provided to

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	pregnant & parenting women.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Short-term residential substance abuse treatment designed to assist individuals who require a more intensive level of service in a structured setting and/or individuals that may be homeless. Admission is on a voluntary basis. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Pregnant Women - High-Intensity Residential – Adult and Medium Intensity Residential – Adolescent as identified above provided to pregnant women.
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5) - Residential treatment services for pregnant and parenting women and their children. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Recovery Support Services: Group or individual services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Examples of recovery support services include, but are not limited to: assisting clients with enrollment in Medicaid, the New Hampshire Health Protection Program (NHHPP), or private insurance, anger management, financial management, communication skills, spiritual support, parenting skills, health management, case management, organization and time management, recovery coaching, recovery mentoring, stress management, and vocational services. Programs may focus on a single recovery support service or provide a curriculum that includes an array of recovery support services. Types of Recovery Support Services are listed below:
X	Continuous recovery monitoring services are regular follow-ups with clients to assess the status of the client's recovery, identify any needs the client may have and help the client to address those needs, and provide early intervention for client's who have relapsed or who's recovery is otherwise at risk.
	Enhanced Services are specialized services that remove barriers to a client's participation in treatment. Examples of these services are child care while a parent is participating in treatment or transportation to and/or from the treatment site.
X	Recovery Support Services as identified above provided to pregnant & parenting women.

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C. Required Services

Priority Admission:

- 1) The Contractor shall give admission preference to pregnant women and women with dependent children, even if the children are not in their custody, as long as parental rights have not been terminated, including the provision of interim services within the required 48 hour time frame.
- 2) Individuals with a history of injection drug use including the provision of interim services within 14 days.
- 3) Individuals with a primary diagnosis of a substance use disorder, which may also include a co-occurring mental health disorder.
- 4) Individuals on medication-assisted treatment for co-occurring substance abuse and mental health disorders or various opiate replacement therapies, including, but not limited to, methadone, buprenorphine and naltrexone.

Required Outreach:

New Hampshire Department of Health & Human Services (DHHS) programs receiving federal treatment Block Grant funds requires that Contractors must publicize services available to pregnant or parenting women and injection drug users in need of substance abuse treatment and that these individuals receive preference for admission to treatment. This may be done as follows, but is not limited to, street outreach programs, ongoing public service announcements (radio/television), regular advertisements in local/regional print media, posters placed in targeted areas, and frequent notification of availability of such treatment distributed to the network of community based organizations, health care providers and social service agencies. The Contractor will submit their outreach plans to DHHS through the Bureau of Drug and Alcohol Services (BDAS) within 60 days of contract effective date.

Health Facilities Administration Licensing Requirements:

Housing programs with substance abuse treatment services at the same location will need to secure necessary licensing as a Residential Rehabilitation Facility by the DHHS Bureau of Health Facilities Administration, as appropriate, see He-P 807 at the following link: (http://www.gencourt.state.nh.us/rules/state_agencies/he-p800.html). Any contractor with an American Society of Addiction Medicine (ASAM) (October 2013) Level 3.3 or higher level program must secure this licensing for all Level 3 programs housed within the same facility as the Level 3.3 program. In the case of residential treatment and housing at the same site, residential programs should plan to treat no more than 16 pregnant or parenting women at any given time to comply with federal Medicaid restrictions on Institute for Mental Diseases (IMD) exclusion criteria. This restriction would not apply to programs in which the client's residence is in a separate location from the treatment program.

Capacity Reporting:

The Contractor must contact BDAS, as agent for DHHS, when their capacity has reached 90% within 5 business days. The Contractor must refer pregnant women to the State when the Contractor has insufficient capacity to provide services to any such pregnant women who seek the services of the program. Sending e-mail to the BDAS Clinical Services Unit Administrator may complete this notification process.

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Access to Services:

The Contractor shall respond to calls requesting treatment and/or transitional living program services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within 2 business days following the day the call was received.

The Contractor is required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.

Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client should be referred to a DHHS funded provider where they are able to access interim services.

Contractors receiving grant funds from DHHS will not discriminate against clients who are using legitimate medications to assist their recovery and will not have policies that allow them to refuse admission to treatment or to discharge clients from treatment based on the use of appropriately prescribed medications and various opiate replacement therapies, including, but not limited to, methadone and buprenorphine, as well as other forms of medication-assisted treatment for co-occurring substance abuse and mental health disorders.

Clients Eligible for Treatment Services:

In order to be eligible for DHHS supported services, a client must meet all eligibility criteria described below. Eligibility determination shall be conducted as follows:

1. Substance Use Disorder, Financial Eligibility & Residency Screening: The contractor shall complete the eligibility screening module in the Web Information Technology System (WITS) to determine if the client meets residency, financial, and substance use disorder potential eligibility requirements:
 - a. Residency: The client must be a resident of New Hampshire or homeless in New Hampshire to be eligible for DHHS supported services; and
 - b. Financial Eligibility: The client's income must be below 400% of Federal Poverty Level (FPL) to be eligible for DHHS supported services based on the sliding fee scale described below. Once the screening has been completed, the contractor shall print the associated attestation and have the client sign this document. A copy of the signed attestation shall be maintained in the client file. The client's financial eligibility shall be reassessed no less than every 120 days.; and
 - c. Potential for a Substance Use Disorder: The client must screen positive for a potential substance use disorder to be eligible for DHHS funded services.
2. Evaluation: The contractor shall conduct a full substance abuse evaluation, which includes administration of either the Addiction Severity Index (ASI) in WITS or Global Appraisal of Individual Needs (GAIN).
 - a. Substance Use Disorder: This evaluation shall be used to determine if the client meets Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM5) criteria for a substance use disorder. Clients who meet DSM5 criteria for a substance use disorder are eligible for DHHS funded services. Client who do not meet these criteria are not eligible for DHHS funded services.

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- b. Level of Care: For clients who have met all other eligibility requirements, this evaluation shall be used to determine the appropriate level of care for the client based on ASAM (October 2013) criteria. The client is eligible for DHHS funded services at the assessed level of care unless such a level of care is unavailable or the client chooses to enter a lower level of care. If the assessed level of care is unavailable, the client may choose to enter the next higher level of care.
3. Medicaid/NHHPP Eligibility: The contractor shall determine whether or not the client is eligible for Medicaid/NHHPP coverage for the identified level of care. If the client is not eligible for Medicaid/NHHPP coverage for the identified level of care, the client may be eligible for DHHS funded services. If the client is eligible for Medicaid/NHHPP coverage for the identified level of care, the client is not eligible for DHHS funded services.
4. Insurance Coverage: The contractor shall determine whether or not the client has insurance that will cover services at the identified level of care. If the client does not have insurance that will reimburse for these services at a rate equal to or greater than the DHHS rate, the client is eligible for DHHS funded services. If the client has insurance that will reimburse for these services at an amount equal or greater to the DHHS reimbursement rate, the client is not eligible for DHHS funded services. The contractor may not charge the combination of the client, any 3rd party payor, and DHHS more than the maximum charge allowed. These parties shall be charged in the following order:
 - a. The maximum allowed charge will be billed to the client's insurer, if applicable.
 - b. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
 - c. The balance of the maximum allowed charge after deducting the client's portion and the insurance payment, if applicable, shall be charged to DHHS.

Sliding Fee Scale:

The contractor shall not charge the combination of the client, any 3rd party payor and BDAS an amount greater than the maximum rate allowed for each service. All reasonable efforts shall be made to collect payment of bills. A client's inability to pay shall not preclude admission to the program and treatment.

- Client Income is 0% - 138% of FPL: 100% of the allowed charge less any amount paid for by insurance.
- Client Income is 139% - 149% of FPL: 92% of the allowed charge less any amount paid for by insurance.
- Client Income is 150% - 199% of FPL: 88% of the allowed charge less any amount paid for by insurance.
- Client Income is 200% - 249% of FPL: 75% of the allowed charge less any amount paid for by insurance.
- Client Income is 250% - 299% of FPL: 60% of the allowed charge less any amount paid for by insurance.
- Client Income is 300% - 349% of FPL: 43% of the allowed charge less any amount paid for by insurance.
- Client Income is 350% - 399% of FPL: 33% of the allowed charge less any amount paid for by insurance.

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With respect to minority age individuals, a minor child shall not be denied services as a result of the parent's unwillingness to pay the fee or the minor child's decision to receive confidential services pursuant to RSA 318-B:12-a.

Waiting List Management:

When a person who is pregnant or an injection substance abuser seeks treatment and there are no appropriate treatment services available within the required time frame as outlined below, interim services **must** be made available. The Contractor agrees to maintain the wait list management system in WITS that includes a unique patient identifier and include information on dates of requests for admission to treatment, provision of interim services and source for those services, referrals made for treatment or interim services, and disposition of clients on the waiting list.

- The waiting list must contain a mechanism that identifies and counts the number of applicants who present and are determined to be appropriate for substance abuse treatment but are unable to be placed as there is no capacity;
- Maintain contact with individuals awaiting admission; and,
- Admit or transfer waiting list clients at the earliest possible time to an appropriate treatment program within a reasonable geographic area.

The Contractor shall remove a client awaiting treatment from the waiting list only when one of the following conditions exists:

- Such persons cannot be located for admission into treatment *or*
- Such persons refuse treatment.

Specific Interim Services for Pregnant Women, Women with Dependent Children and Injection Drug Users:

The Contractor agrees to contact the BDAS Clinical Services Unit if a pregnant women and women with dependent children or individuals with a history of injection drug use, cannot be accepted into treatment within specific time frames, and agrees that interim services will be provided or facilitated by the Contractor. Interim services for pregnant women must include counseling on the effects of alcohol and drug use on the fetus, referrals for prenatal care, and counseling and education about HIV and tuberculosis. Interim services for injection drug users must also include counseling and education in the risks of needle sharing, about the risks of transmission to sexual partners and infants, and referral for HIV, Hepatitis C and tuberculosis screening/testing. All interim services shall be documented in the client's clinical record in the WITS system.

Interim Services for other Clients:

The Contractor shall provide, or refer the client to, interim services until level of service identified in the level of care assessment is available and/or the client is willing and assessed as being sufficiently motivated to take advantage of the proposed level of service or interim services. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client shall be referred to a DHHS funded provider where they are able to access interim services.

Services to pregnant and parenting women:

The Contractor further agrees that childcare will be made available to women who are in treatment with their dependent children, either through on-site care or through arrangements with an off-site legal childcare provider. Other services required are as follows:

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- The family is treated as a unit and, therefore, admits both women and their children into treatment services, if appropriate.
- The Contractor shall provide or arrange for primary medical care for women who are receiving substance abuse services, including prenatal care.
- The Contractor shall provide or arrange for childcare while the women are receiving services even if the children are not in their custody, as long as parental rights have not been terminated.
- The Contractor shall provide or arrange for primary pediatric care for the women's children, including immunizations.
- The Contractor shall provide or arrange for gender-specific substance abuse treatment and other therapeutic interventions for women that may address issues of relationships, sexual abuse, physical abuse, and parenting, and childcare while the women are receiving these services.
- The Contractor shall provide or arrange for therapeutic interventions for children in custody of women in treatment, which may, among other things, address the children's developmental needs, their issues of sexual and physical abuse, and neglect.
- The Contractor shall provide or arrange for sufficient case management and transportation services to ensure that the women and their children have access to the services provided for above.
- If a pregnant, pregnant injection drug using or Injection Drug Using person refuses treatment or says (s)he is not interested in treatment, the wait list report shall be completed with the engagement activities attempted.
- If a pregnant, pregnant injection drug using or Injection Drug Using person no shows or cancels treatment, interim services must be provided, as stipulated above and the wait list report shall be completed that demonstrates the activities of follow up, engagement and substance abuse treatment services offered.

Relationship(s) with Primary Health Care:

The Contractor shall arrange and coordinate services and exchange of information with other health care providers and agencies which:

- Identifies the client's current Primary Care Provider (PCP) at screening and/or intake.
- If the client has no current PCP, the Contractor shall identify available provider(s) in the client's local area such as a federally qualified community health center, community health center, or other local health services.
- Obtains client/patient authorization to communicate with PCP office.
- If no authorization is completed initially, the Contractor shall educate client as to the importance of engaging the PCP in ongoing care and address the client's concerns as part of treatment, with goal of obtaining authorization before discharge.
- Sends the discharge summary to PCP and offers to discuss recovery issues with the provider.
- Arranges (or has the client arrange) a post-discharge appointment with PCP for the client/patient for follow-up of the substance use disorder.

Tobacco Cessation:

The Contractor shall have policies and procedures for both client and Contractor staff, that not only creates a tobacco-free environment as required by law, but to offer tobacco cessation tools and programming. Tobacco use, in and of itself, shall not be grounds for administrative discharge from the program. Initially, all clients shall be assessed for motivation in stopping the use of tobacco products. Providers may tap into resources such as the DPHS Tobacco Prevention & Control Program (TPCP) and

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the certified tobacco cessation counselors available through the QuitLine. Other resources for providers include:

Breathe New Hampshire
145 Hollis St., Unit C
Manchester, NH 03101
603-669-2411 (phone) or 1-800-835-8647

The New Hampshire Medicaid program covers:

- Nicotine Replacement Therapy (NRT) Gum,
 - NRT Patch,
 - NRT Nasal Spray,
 - NRT Lozenge,
 - NRT Inhaler,
 - Varenicline (Chantix),
 - Bupropion (Zyban),
 - Group Counseling and/or
 - Individual Counseling. Up to 12 individual counseling sessions are covered per year through a mental health provider (Note: These sessions would NOT be in addition to other mental health counseling sessions under Medicaid). Pregnant women also have the option of group counseling.
- For more information, visit the website at:
<http://www.dhhs.state.nh.us/DHHS/MEDICAIDPROGRAM/default.htm>

Tuberculosis:

The Contractor shall make available tuberculosis services (defined as screening, counseling, testing, and treatment) directly, or through other providers, to each client receiving treatment. In the case of an individual denied admission due to lack of capacity, the substance abuse treatment Contractor will refer the individual to another provider of tuberculosis services if appropriate. All Contractor providing residential services shall make available, either on-site or through agreements with health care providers, tuberculosis services, including screening, testing, counseling and referral for medical treatment.

Physical location and facilities:

For the purpose of providing the services described in Section II of the Scope of Services, the Contractor shall obtain and maintain a suitable space complying with all fire, health, and safety codes to include handicapped accessibility and being wheelchair accessible.

The Contractor shall obtain written prior approval of DHHS, acting through BDAS, before entering into any agreement concerning relocation of the service site.

Culturally and Linguistically Appropriate Standards of Care:

DHHS recognizes that culture and language have considerable impact on how consumers access services. Culturally and linguistically diverse populations experience barriers in efforts to access services. To ensure equal access to quality services, DHHS expects that Contractors shall provide culturally and linguistically appropriate services according to the following guidelines:

1. Assess the ethnic/cultural needs, resources and assets of their community.
2. Promote the knowledge and skills necessary for staff to work effectively with consumers with respect to their culturally and linguistically diverse environment.

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3. When feasible and appropriate, provide clients of Limited English Proficiency (LEP) with interpretation services. Persons of LEP are defined as those who do not speak English as their primary language and whose skills in listening to, speaking, or reading English are such that they are unable to adequately understand and participate in the care or in the services provided to them without language assistance.
4. The Contractor is responsible for reasonable accommodations in arranging for interpreter services for hearing impaired clients.
5. The Contractor offers consumers or clients a forum through which those individuals have the opportunity to provide feedback to the Contractor regarding cultural and linguistic issues that may deserve response.

Compliance with State and Federal Laws:

The Contractor is responsible for compliance with all relevant state and federal laws. Special attention is called to the following statutory responsibilities:

1. All services provided pursuant to this Contract shall be subject to the most current proposed or formalized rules and regulations promulgated by DHHS, pursuant to RSA 541-A.
2. The Contractor shall maintain adherence to federal and state confidentiality laws specifically: 42 CFR Part 2B, N.H. RSA 318 B:12 and N.H. RSA 172:8-A and the Health Insurance Portability and Accountability Act (HIPAA): <http://www.hhs.gov/ocr/privacy/>
3. The Contractor shall meet the standards outlined in NH Administrative Rule He-A 300, Certification and Operation of Alcohol and other Drug Disorder Treatment Programs. This administrative rule is currently expired and under revision. The Contractor should plan to meet the requirements as outlined in the expired rule until the revisions are completed. He-A 300 can be viewed on the RFP link to this document <http://www.dhhs.nh.gov/business/rfp/index.htm>.
4. The Contractor shall, upon the direction of the State, provide court-ordered evaluation in their catchment area and a sliding scale fee shall apply and the inability to pay shall not interfere with the completion and submission of the court-ordered evaluation and shall, upon the direction of the State, offer treatment to those individuals pursuant to RSA 172:13.
5. Contractors considering research, including research conducted by student interns, using individuals served by this contract as subjects must adhere to the legal requirements governing human subjects' research. Contractors must inform the DHHS via contact with BDAS prior to initiating any research involving subjects or participants related to this contract. In addition, research conducted on subjects served by this contract may need to be approved by the New Hampshire Department of Health & Human Services Committee for the Protection of Human Subjects (NH DHHS CPHS) see <http://www.dhhs.nh.gov/irb/>

Client Stabilization:

The Contractor will be expected to arrange for medical clearance for all clients receiving treatment services supported by DHHS administered by BDAS to assure that they are not at risk for acute withdrawal from alcohol and certain drugs. The Contractor shall be expected to provide a range of integrated services that include withdrawal management services that follow detoxification guidelines outlined in Treatment Improvement Protocol (TIP) #45, Detoxification and Substance Abuse Treatment and ASAM guidelines.

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Clinical Services:

The Contractor shall provide the following:

- a. A minimum of one (1) substance abuse counselor on site each day of the week during primary treatment hours. The substance abuse counselor shall have a bachelor's degree or equivalent in social work/psychology, guidance or nursing and/or a certificate in the field of addiction studies from an approved educational institution or educational/life experience.
- b. A minimum of one (1) substance abuse support staff on site each day of the week during all hours not covered by a substance abuse counselor. The substance abuse support staff must have a high school or General Equivalency Diploma (GED). Preference is given to individuals who have completed additional courses or taken training in substance use disorders or other health fields.
- c. An intake/admission coordinator on site Monday through Friday of each week. The intake/admission coordinator shall have one (1) years' work experience in the field of addiction studies.
- d. A full-time Executive Director, not filling any of the positions described above.

Evaluation:

The contractor shall conduct a full substance abuse evaluation, which includes administration of either the ASI or GAIN to determine eligibility for services. This evaluation must be updated every 120 days or when the client transitions to a different level of care.

Assessment of Risk for Self-Harm/Suicide: The Contractor shall have policies and practices for assessing risk of self-harm at all phases of treatment, such as at initial contact, during screening, intake, admission, on-going treatment services and at discharge, and a process for referral when necessary to include referrals to mental health services.

The Contractor shall develop policies, programs and protocols in accordance with SAMHSA guidelines as outlined in the Treatment Improvement Protocols (TIPs) and Technical Assistance Publications (TAPs). These publications can be downloaded from <http://www.kap.samhsa.gov/products/manuals/index.htm>.

Use of Best Practices: The Contractor is required to use the Addiction Severity Index (ASI) or Global Appraisal of Individual Needs (GAIN) assessment tools, the SAMHSA/NIDA MATRS treatment-planning model and the WITS electronic case management system.

Care Coordination:

The Contractor is required to assess each client's need/appropriateness for residential transitional living services and to refer all clients for care coordination services made available through the Access to Recovery (ATR) initiative administered by the BDAS so long as this initiative remains available on behalf of DHHS that would commence following the initial course of treatment. Contractors are required to address motivational issues with clients for them to participate effectively in the care coordination and recovery support services. Contractors are required to have clients sign the "ATR Client Participation Agreement" (made available by BDAS), indicating that they either agree or opt out of participating in these services. The contractor will facilitate all clients who agree to participate in these services to complete the Client Participation Agreement and upon obtaining a signed release of information, refer clients to an ATR Care Coordinator Program at least two weeks prior to anticipated date of discharge (dis-enrollment) from services. Assessing the need for aftercare services is expected to take place while

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the client is involved within the most recent episode of care, with a referral being made and accepted by the care coordination service prior to the client being discharged.

The Contractor must provide the following for use by the care coordination program:

- Private space for interviewing/meeting with clients.
- Access to internet (either wired or wireless) in the meeting space
- Telephone in the meeting space and
- A contact person at the Contractor's site for logistics.

It is the expectation of the BDAS at DHHS that, upon completion of appropriate signed releases, the Contractor will provide the care coordination program with necessary information from the clinical record (evaluation, treatment plan, progress notes, etc.) for the care coordination program to develop a service plan with the client.

All alcohol and other drug treatment providers under contract with the BDAS on behalf of DHHS are required to address with all clients, the need for continuing services. This includes clinically managed low-intensity treatment programs under contract with the BDAS on behalf of DHHS as well as care coordination and recovery support services made available through DHHS contracted providers; the ATR initiative administered by BDAS, so long as this initiative remains available; and/or any other resources that become available to pay for these services that would commence following the initial course of treatment. The referral for these services should take place prior to discharge from the initial course of treatment.

Relevant Policies and Guidelines:

The services provided for in this agreement shall be in addition to the services provided for in any other agreement between the State of New Hampshire, any of its agencies, or any of its officers, and the Contractor.

Without limiting the generality of any other provisions of this agreement, the Contractor shall cooperate fully with, and answer all questions of representatives of the State conducting any periodic or special review of the performance of the Contractor or any inspection of the facilities of the Contractor.

Publications Funded Under Contract:

All products produced under this contract are in the public domain. All products (written, video, audio) produced, reproduced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution, or use. The Contract shall credit DHHS on all materials produced under this contract.

Student Internships:

The Contractor shall establish policies and procedures related to student interns that address minimum coursework, experience and core competencies for those interns having direct contact with individuals served by this contract. Student interns shall complete an approved ethics course prior to beginning the internship.

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Exhibit A Amendment #2

Staff Licensing Requirements:

The ratio of licensed to non-licensed service providers shall be as follows:

Agencies must have at least one Licensed, or Masters Licensed, Alcohol and Drug Counselor (LADC/MLADC) for each two unlicensed counselors providing substance abuse treatment services and a sufficient number of MLADCs or LADCs with the Licensed Clinical Supervision (LCS) credential to adequately provide for clinical supervision of all clinical staff. This requirement shall be met by the Contractor no later than six (6) months after the date of the Contract effective date.

Updated resumes, which clearly indicate the staff member is employed by the Contractor, including current positions of staff supported by funds provided through this Contract, shall be forwarded to the BDAS as agent for DHHS. The documentation shall include a copy of the New Hampshire Alcohol and Drug Counselor License.

Staff Certification Requirements:

In addition to the requirements for LADCs, all Contractor milieu staff in residential settings and transitional living programs and staff providing recovery support aftercare group services shall be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification under RSA 330-C (<http://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XXX-330-C.htm>). Certification must be completed within six (6) months of the contract's approval date.

Staff providing recovery support services are expected to be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification. Peer recovery support services made available through Recovery Community Organizations (RCOs), under agreement with BDAS on behalf of DHHS, shall be provided by individuals certified by those organizations (CRSW not required for peer recovery support services).

Supervision:

Ongoing clinical supervision will include weekly discussion of cases with suggestions for resources or therapeutic approaches, co-therapy, and periodic assessment of progress. When enough candidates are under supervision, group supervision may be included to help optimize the learning experience.

The content of supervision must include knowledge, skills, values, and ethics with specific application to the practice issues faced by the supervisee, including the core functions as described in the Twelve Core Functions of Alcohol and Drug Counseling.

The content of supervision must also include the standards of practice and ethical conduct, with particular emphasis given to the counselor's role and appropriate responsibilities, professional boundaries, and power dynamics.

Staffing Changes:

BDAS as agent for DHHS shall be notified of changes in key personnel with updated resumes that clearly indicate the staff member is employed by the Contractor submitted within five (5) working days. Key personnel are those staff for whom at least 10% of their work time is spent providing alcohol or other drug abuse treatment services.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

1. New Hires: The Contractor shall notify BDAS on behalf of DHHS in writing within one month of hire when a new administrator or coordinator or any staff person essential to carrying out this scope of services is hired to work in the program. A resume of the employee, which clearly indicates the staff member is employed by the Contractor, shall accompany this notification.

2. Vacancies: The Contractor shall notify BDAS on behalf of DHHS in writing within 14 calendar days, if at any time, any site funded under this agreement does not have adequate staffing to perform all required services for more than one month.

Other Requirements:

The Contractor shall attend trainings and/or meetings as requested by DHHS.

ATR and Recovery Support Services:

All DHHS funded treatment and recovery support service providers must also be approved Access to Recovery (ATR) providers, so long as the ATR initiative remains available, as this will be the source of funding for these recovery support services through the Voucher Management System (VMS). Information on becoming an ATR provider can be found on the DHHS website: <http://www.dhhs.nh.gov/dcbcs/bdas/atr/becomingprovider.htm>

Regional Network Participation:

The Contractor will designate administrative level staff to regularly participate in the Regional Network and contribute to overall regional network strategic planning, monitoring, evaluation, and cross systems communication efforts. The Contractor is highly encouraged to serve on one of the work groups and contribute to data collection, regional strategic planning and evaluation. Participation will be measured by the annual Partner Survey (<http://www.partnertool.net/>) administered by NH Center for Excellence under contract with BDAS as agent for DHHS.

Performance Measures:

All treatment programs under contract with BDAS on behalf of DHHS are required to report on the National Outcome Measures (NOMs) established by the SAMHSA, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the WITS (electronic case management) system. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions.

Data and Reporting Requirements:

1. Without limiting the generality of any other provisions of this agreement, the Contractor shall provide any periodic or special reports required by the DHHS.
2. The Contractor shall notify BDAS, as an authorized agent of DHHS, whenever the Contractor has reached ninety percent capacity to admit new clients. In addition the Contractor shall have a waiting list management policy in accordance with the SAPT Block Grant requirements. This 90% notification process will become automatic when this operation is fully functional in WITS.
3. The Contractor shall notify DHHS through BDAS, within one working day, if sufficient capacity is not available to provide treatment services to a pregnant woman, parenting woman or injection drug user within the required time frames and a referral elsewhere is not successful and interim services cannot be provided.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

4. The Contractor shall comply with all research and/or information systems development activities for the electronic case management/Web Information Technology System (CM/WITS) conducted by, or authorized by, DHHS.
5. The Contractor shall administer any client surveys, client evaluations including the addiction Severity Index (ASI) or the Global Appraisal of Individual Needs (GAIN), client treatment outcome instruments, the M.A.T.R.S. Treatment Planning Tool, as required by DHHS.
6. The Contractor must have the ability to communicate and submit required reports via the Web-based submission system and/or e-mail, for treatment and recovery support services and interim services. All required clinical and documentation activities shall be entered in WITS unless specifically granted an exception by BDAS on behalf of DHHS.

Critical Incident/Sentinel Event Reporting:

The Department's Sentinel Event policy is contained in the following link:
<http://www.dhhs.nh.gov/dcbcs/sentinel.htm>

Division of Community Based Care Services (DCBCS) Sentinel Event Notification:

The preceding events require the immediate verbal notification to the BDAS Assistant Administrator or Clinical Services Unit Administrator upon the discovery of a sentinel event involving an individual(s) receiving services through a DHHS substance use disorder treatment Contractor.

Since the initial and immediate verbal notification of a sentinel event is likely to include protected health information (PHI) as identified below, the Contractor of services to individuals receiving services funded by the DHHS shall disclose PHI in a private and secure manner. Contractors and vendors should not leave voice-mail messages, but instead make direct telephone contact with the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee. If direct telephone contact is not possible, a voice mail message may be left without protected health information, such as medications and relevant medical and psychiatric diagnoses. As soon as possible after the initial verbal notification, the Contractor will mail or fax a completed *Sentinel Event Reporting Form* as directed in this protocol.

Notification shall include the following:

1. Name and phone number of the individual reporting.
2. Name, date of birth (DOB), medications and all relevant medical and psychiatric diagnoses of individual(s) involved;
3. Location, date, and time of event;
4. Description of the event including what, when, where, how, and other relevant information and identification of any other individuals involved;
5. Legal status of the individual involved with regard to guardianship and power of attorney;
6. Community, guardian, family and/or families' knowledge of the event; and
7. Contractor contact person and contact information.

It shall be the responsibility of the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee to notify the DCBCS Quality Improvement Director by e-mail as soon as the BDAS Clinical Administrator or designee becomes aware a Sentinel Event has occurred. The DCBCS Quality Improvement Director shall make immediate notification to the Commissioner. Internal e-mails within the Department may contain PHI and all Department employees will utilize safeguards to ensure the privacy

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

of the PHI as stated in the DHHS General Manual Health Insurance Portability and Accountability Act (HIPAA) policy #504.

Each DCBCS contractor recognizes its responsibility to report evidence of neglect, abuse or exploitation to the appropriate regulatory agencies as required by RSA 161-F: 42-57 and RSA 169-C:29. In any case of known or suspected neglect, abuse or exploitation, the Contractor aware of the situation shall follow all applicable rules relative to individual rights protection procedures.

Written follow up information is to be forwarded by the reporting Contractor to the appropriate BDAS Administrator listed below within 72 hours by completing the *Sentinel Event Reporting Form*. To protect clients' confidential information, reporting Contractors should submit the *Sentinel Event Reporting Form* either by fax to the BDAS Assistant Administrator or the BDAS Clinical Services Unit Administrator by a mail service that provides delivery confirmation.

Bureau of Drug and Alcohol Services
Assistant Administrator
105 Pleasant Street
Concord, NH 03301
Or by fax to the BDAS Administrator's Office at 271-6105;

Follow-up information is the responsibility of the Contractor and should be submitted in a way as to protect clients' confidential information such as by mail with delivery confirmation and should include:

1. The *Sentinel Event Reporting Form* (www.dhhs.nh.gov/dcbcs/documents/sentinelform.pdf);
2. Additional details as they are learned or if the status of the situation changes; and,
3. Copies of newspaper articles.

Additionally, DHHS requires critical incident reporting. The Contractor shall report all critical incidents/sentinel events to the BDAS Clinical Services Unit Administrator immediately via telephone. Every effort shall be made to reach the BDAS administrator directly. If a voice message is necessary, sufficient provider contact information shall be provided so that DHHS is able to reach the reporter, or other responsible staff, immediately.

A critical incident includes, but is not limited to, any child or adult protective services report to the Division of Children, Youth and Families (DCYF), or the Bureau of Elderly and Adult Services (BEAS), respectively, regarding any incident involving 1) a staff/employee to youth or client, 2) youth to youth, or 3) client to client. This includes incidents that occur while a client is on leave, or on a pass, from the Contractor and may be off site at the time the incident occurred.

A sentinel event is an unexpected occurrence involving the death or serious physical or psychological injury, or risk thereof, signaling the need for immediate investigation and response.

Death or any serious injury or medical emergency regarding staff or clients that requires emergency medical attention (EMT or other emergency personnel at the Contractor's site, or a hospital emergency room visit), or any crime reportable to law enforcement, or any other serious incident must also be reported to DHHS as described below.

**New Hampshire Department of Health and Human Services
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Reportable sentinel events include, but are not limited to, any occurrence that meets any of the following criteria:

1. An unanticipated death or permanent loss of function, not related to the natural course of an individual's illness or underlying condition.
2. Homicide or suicide of any individual receiving DHHS funded care, treatment or services, that had been discharged from a Department funded program or facility within 30 days of the event, or has been evaluated by a service Contractor within the preceding 30 days;
3. Sexual assault or rape of any individual receiving DHHS funded care, treatment or services by another client or employee of any Department funded program or facility where there is an act that was witnessed or there is sufficient clinical evidence obtained by the Contractor to support allegation of nonconsensual sexual contact.
4. Unauthorized departure of an individual receiving DHHS funded services, from a facility providing care, resulting in death or permanent loss of function.
5. Medication error that results in death, paralysis, coma, or other permanent loss of function.
6. Delay or failure to provide DHHS funded Contractor services that result in death or permanent loss of function.
7. Abuse as a result of the willful infliction of injury, unreasonable confinement, intimidation, or punishment with resulting physical harm, or mental anguish. This includes staff neglect or indifference to infliction of injury or intimidation of one individual by another.
8. Neglect as a result of the failure to provide the goods and services necessary to avoid physical harm, mental anguish or mental illness.
9. Assault of or by a client of the Contractor that results in the injury of the person or another person of such severity that medical attention is required.
10. Arson resulting in property loss.
11. High profile events, which may include media coverage and/or police involvement.

On-Site Reviews:

1. The Contractor shall allow a team or person authorized by DHHS to periodically review the Contractor's systems of governance, administration, data collection and submission, clinical, and financial management in order to assure systems are adequate to provide the contracted services.
2. Reviews shall include, but not be limited to, client record reviews to measure compliance with this exhibit.
3. The Contractor shall make corrective actions as advised by the review team if contracted services are not found to be provided in accordance with this exhibit.
4. DHHS staff shall contact the Contractor in advance of the site visit, so that the Contractor shall have sufficient time to prepare any guidance/reporting systems or logs that will be reviewed at the site visit.

The remainder of this page is intentionally left blank.



Exhibit B Amendment #2

Method and Conditions Precedent to Payment

The State shall pay the Contractor an amount not to exceed the Price Limitation, block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services, and in accordance with Exhibit B.

Funding for this Agreement is funded by various sources as a percentage of the total amount of \$69,411 as follows:

- 0 % Federal Funds from the Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant (CFDA #93.959);
- 50 % General Governor's Commission on Alcohol and Drug Abuse Prevention, Intervention and Treatment Funds; and
- 50 % General funds.

I. Payment Methodology

The Contractor shall be reimbursed for providing and delivering the services listed in Exhibit A, paragraph B. The following terms and conditions detailed in this Exhibit B shall apply to all services unless expressly stated otherwise.

The Contractor shall agree to use and apply all contract funds from the State for costs and expenses as detailed in the Service Reimbursement Table below. Allowable costs and expenses shall be determined by the State in accordance with applicable state and federal laws and regulations. Starting in State Fiscal Year 2015 (effective July 1, 2014) the contractor will receive a payment for each service at the rates and within the limits described below. For clients receiving DHHS supported services, the contractor may not charge the client, any 3rd party payor, and DHHS a combined rate that is more than the rate established by BDAS for that level of service or any other fees. These parties shall be charged in the following order:

1. The maximum allowed charge will be billed to the client's insurer, if applicable.
2. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
3. The balance of the maximum allowed charge, after deducting the client's portion and insurance payment, if applicable, shall be charged to DHHS.

Service Reimbursement Table - A check mark indicates the services and corresponding rates the Contractor will be reimbursed for.

Check mark indicates applicable service	Service	DHHS Established Rate	Service Limit
X	Evaluation	\$225	1 every 90 days
X	Outpatient – Individual	\$18.75/unit***	\$190 of combined individual & group/week
X	Outpatient – Group	\$5.00/unit	
X	Intensive Outpatient*	\$80.00/day	\$320 (4 days)/week
	Low-Intensity Residential – Adult	\$100.00/day	\$700 (7 days) /week

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	Low-Intensity Residential – Adolescent	\$128.00/day	\$896 (7 days) /week
	High-Intensity Residential – Adult	\$130.00/day	\$910 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Room & Board Only	\$66.00/day	\$462 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Clinical Services	\$162.60/day	\$1138.20 (7 days) /week
	Medium Intensity Residential – Adolescent	\$170.00/day	\$1190 (7 days) /week
	Recovery Support Services		
X	Individual	\$15.00/unit	\$160 of combined individual & group/week
X	Group	\$5.00/unit	
X	Continuous Recovery Monitoring – Attempted**	\$15.00/contact	\$60 of combined attempted and completed/month for the first 6 months post discharge
X	Continuous Recovery Monitoring – Completed	\$15.00/contact	
	Enhanced Services	Varied	

* Providers may bill the per diem rate for Intensive Outpatient Treatment services only on those days when the client attends individual and/or group counseling associated with the program. It is expected that each day of attendance includes a minimum of 3 hours of group and/or individual counseling services.

**Attempted Contact is at least 3 attempts to contact a client over the course of at least one week.

*** A unit is equal to 15 minutes of service

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. Failure to meet this requirement may result in amendment to or termination of the contract. At a minimum, contractors must provide the array of services they contracted to provide for in SFY14.

1. Performance Incentives:

A. Access to Services:

Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received and shall conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact. For each client who screens eligible for



Exhibit B Amendment #2

services and starts receiving services, whether for the identified level of care or interim services, within 10 business days following the eligibility screening, the treatment contractor will receive an incentive payment of \$75.00. Access incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

B. Completion:

For each client who is discharged from the program because they have completed treatment or transferred to another treatment provider as recorded in the Discharge Type field of the WITS Discharge Module, the treatment contractor will receive an incentive payment of \$75.00. Completion incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

C. Client Outcomes:

If a client who was discharged from the program meets at least 3 of the Outcome criteria below in the 3rd and/or 6th month post-discharge, as evidenced by the WITS Follow-Up module, the treatment contractor will receive an incentive payment in the amount of \$50. The 3rd month post discharge is considered to be 60 – 120 days post discharge. The 6th month post discharge is considered to be 150 – 210 days post discharge. Outcomes incentives will be calculated and paid on a monthly basis for clients meeting criteria in the previous calendar month. It is expected that at least 50% of discharged clients will be contacted for 3 and/or 6 month follow-up over the contract year.

- i. Abstinence: The client reports reduced or no substance use in the past 30 days.
- ii. Employment/Education: The client reports increased or retained employment or the client reports returning to or staying in school.
- iii. Crime and Criminal Justice: The client reports no arrests in the past 30 days.
- iv. Stability in Housing: The client reports being in stable housing.
- v. Social Connectedness: The client reports engagement in Recovery Support Services, Care Coordination, and/or Community Based Support Groups in the past 30 days.

D. Performance Incentive Payout Limits:

Performance incentives are limited to no more than 6% of the total contract amount annually. The total amount paid out during the contract year will never exceed the total contract amount. DHHS is not obligated to make payment for any incentives that occur outside of the current contract year; however, incentives may be carried over to future contract years at the discretion of DHHS.

2. Failure to Meet Deliverables:

The Contractor shall comply with all contract requirements as detailed in Exhibit A section B, Required Services. Upon determination that Contractor may not be meeting the required deliverables, within two (2) weeks BDAS will provide a written correction action plan. Within two (2) weeks of notification of the corrective action plan, Contractor will provide a written remedial plan. BDAS will monitor the corrective actions for 60 days. Failure to meet requirements of the corrective action plan within 60 days may result in withholding of any or all payments or termination of the contract.

3. Invoicing & Billing:

All billing shall be completed via the WITS system according to protocols established by BDAS.

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Substance Use Disorder Treatment Services**



Exhibit B Amendment #2

The Contractor shall have written authorization from the State prior to using contract funds to purchase or lease any equipment with a cost in excess of two thousand five hundred dollars (\$2500) and with a useful life beyond one year.

II. Allocation of Funding:

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. The contractor is prohibited from spending down more than the sum of the total contract amount that includes the cost of the client services and related incentives.

III. Availability of Alternative Funding:

The New Hampshire Department of Health and Human Services may terminate or amend the contract should alternate third party payors, including Medicaid, the New Hampshire Health Protection Program and/or insurance available on the New Hampshire Insurance Exchange cover any of the services included in this contract.

IV. Limitations and restrictions of federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds:

The Contractor agrees to use the SAPT funds as the payment of last resort.

Restrictions on SAPT Block Grant on State and Contractor expenditures include:

The State may not:

- Provide inpatient hospital services except under those conditions outlined in the regulations.
- Make cash payments to intended recipients of substance abuse services.
- Purchase or improve land.
- Purchase, construct, or permanently improve buildings or other facilities.
- Purchase major medical equipment.
- Satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds. (in-kind)
- Provide financial assistance to any entity other than a public or non-profit private entity.
- Provide individuals with hypodermic needles or syringes.
- Expend more than the amount of Block Grant funds expended in FFY91 for treatment services provided in penal or correctional institutions of the State.

The Contractor shall not:

- Use any federal funds provided under this contract for the purpose of conducting testing for the etiologic agent for Human Immunodeficiency Virus (HIV) unless such testing is accompanied by appropriate pre and post-test counseling.
- Use any federal funds provided under this contract for the purpose of conducting any form of needle exchange, free needle programs or the distribution of bleach for the cleaning of needles for intravenous drug abusers.

V. Charitable Choice:



Exhibit B Amendment #2

Federal Charitable Choice statutory provisions ensure that religious organizations are able to equally compete for Federal substance abuse funding administered by SAMHSA, without impairing the religious character of such organizations and without diminishing the religious freedom of SAMHSA beneficiaries (see 42 USC 300x-65 and 42 CFR Part 54 and Part 54a, 45 CFR Part 96, Charitable Choice Provisions and Regulations). Charitable Choice statutory provisions of the Public Health Service Act enacted by Congress in 2000 are applicable to the SAPT Block Grant program. No funds provided directly from SAMHSA or the relevant State or local government to organizations participating in applicable programs may be expended for inherently religious activities, such as worship, religious instruction, or proselytization. If an organization conducts such activities, it must offer them separately, in time or location, from the programs or services for which it receives funds directly from SAMHSA or the relevant State or local government under any applicable program, and participation must be voluntary for the program beneficiaries.

- VI. Notwithstanding paragraph 18 of the General Provisions of this Agreement P-37, an amendment limited to adjusting amounts within the budgets and within the price limitation, can be made by written agreement of both parties and may be made without obtaining approval of Governor and Executive Council.

The remainder of this page is intentionally left blank.

A certificate of Good Standing is not enclosed. Grafton County is a populated geographic region with specific boundaries legally defined by the State of New Hampshire, and is not required to have a Certificate of Good Standing.

CERTIFICATE OF VOTE

I, Linda D Lauer, do hereby certify that:
(Name of the elected Officer of the Agency; cannot be contract signatory)

1. I am a duly elected Officer of the Grafton County Board of Commissioners.
(Agency Name)

2. The following is a true copy of the resolution duly adopted at a meeting of the Board of Directors of
the Agency duly held on May 27, 2014:
(Date)

RESOLVED: That the Executive Director
(Title of Contract Signatory)

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

3. The forgoing resolutions have not been amended or revoked, and remain in full force and effect as of
the 27th day of May, 2014.
(Date Contract Signed)

4. Julie L. Clough is the duly appointed Executive Director of the Agency.
(Name of Contract Signatory) Title of Contract Signatory ()

Linda D Lauer
(Signature of the Elected Officer)

STATE OF NEW HAMPSHIRE

County of Grafton

The forgoing instrument was acknowledged before me this 27th day of May, 2014.

By Linda D. Lauer
(Name of Elected Officer of the Agency)

Leslie A. Lachie
(Notary Public/Justice of the Peace)

(NOTARY SEAL)

Commission Expires: 11/20/18

CERTIFICATE OF COVERAGE

The New Hampshire Public Risk Management Exchange (Primex³) is organized under the New Hampshire Revised Statutes Annotated, Chapter 5-B, Pooled Risk Management Programs. In accordance with those statutes, its Trust Agreement and bylaws, Primex³ is authorized to provide pooled risk management programs established for the benefit of political subdivisions in the State of New Hampshire.

Each member of Primex³ is entitled to the categories of coverage set forth below. In addition, Primex³ may extend the same coverage to non-members. However, any coverage extended to a non-member is subject to all of the terms, conditions, exclusions, amendments, rules, policies and procedures that are applicable to the members of Primex³, including but not limited to the final and binding resolution of all claims and coverage disputes before the Primex³ Board of Trustees. The Additional Covered Party's per occurrence limit shall be deemed included in the Member's per occurrence limit, and therefore shall reduce the Member's limit of liability as set forth by the Coverage Documents and Declarations. The limit shown may have been reduced by claims paid on behalf of the member. General Liability coverage is limited to Coverage A (Personal Injury Liability) and Coverage B (Property Damage Liability) only. Coverage's C (Public Officials Errors and Omissions), D (Unfair Employment Practices), E (Employee Benefit Liability) and F (Educator's Legal Liability Claims-Made Coverage) are excluded from this provision of coverage.

The below named entity is a member in good standing of the New Hampshire Public Risk Management Exchange. The coverage provided may, however, be revised at any time by the actions of Primex³. As of the date this certificate is issued, the information set out below accurately reflects the categories of coverage established for the current coverage year.

This Certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not amend, extend, or alter the coverage afforded by the coverage categories listed below.

Participating Member: Grafton County 3855 Dartmouth College Highway Box #1 North Haverhill, NH 03774		Member Number: 603	Company Affording Coverage: NH Public Risk Management Exchange - Primex ³ Bow Brook Place 46 Donovan Street Concord, NH 03301-2624		

Type of Coverage	Effective Date (mm/dd/yyyy)	Expiration Date (mm/dd/yyyy)	Limits - NH Statutory Limits May Apply, if Not:	
☒ General Liability (Occurrence Form) Professional Liability (describe) ☐ Claims Made ☐ Occurrence	7/1/2013	7/1/2014	Each Occurrence	\$ 5,000,000
	7/1/2014	7/1/2015	General Aggregate	\$ 5,000,000
			Fire Damage (Any one fire)	
			Med Exp (Any one person)	
☐ Automobile Liability Deductible Comp and Coll: Any auto			Combined Single Limit (Each Accident)	
			Aggregate	
☒ Workers' Compensation & Employers' Liability	7/1/2013	7/1/2014	☒ Statutory	
	7/1/2014	7/1/2015	Each Accident	\$2,000,000
			Disease – Each Employee	\$2,000,000
			Disease – Policy Limit	
☐ Property (Special Risk includes Fire and Theft)			Blanket Limit, Replacement Cost (unless otherwise stated)	

Description: Proof of Primex Member coverage only.

CERTIFICATE HOLDER:	Additional Covered Party	Loss Payee	Primex³ – NH Public Risk Management Exchange
State of NH - DHHS Attn: Cynthia Carpenter 129 Pleasant St Concord, NH 03301			By: <i>Tammy Denver</i>
			Date: 4/25/2014 tdenver@nhprimex.org
			Please direct inquiries to: Primex³ Claims/Coverage Services 603-225-2841 phone 603-228-3833 fax

COUNTY OF GRAFTON, NEW HAMPSHIRE

Annual Financial Statements

For the Year Ended June 30, 2013

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MELANSON HEATH & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
County of Grafton, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the County of Grafton, New Hampshire, as of and for the year ended June 30, 2013, and related notes to the financial statements which collectively comprise the County's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The County's management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the County of Grafton, New Hampshire, as of June 30, 2013, and the respective changes in financial position, and the respective budgetary comparison for all budgeted funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and Schedule of Funding Progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 4, 2013 on our consideration of the County's internal control over

financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Melanson, Heath + Company P.C.

Nashua, New Hampshire
October 4, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Grafton, New Hampshire (the County), we offer readers this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2013.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The governmental activities include general government, public safety, corrections, human services, cooperative extension, and nursing home.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements provide separate information for the General Fund, which is considered to be a major fund.

An annual appropriated budget is adopted for all budgeted funds. A budgetary comparison statement has been provided in order to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$13,963,426 (i.e., net position), a change of \$713,263 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$7,741,339, a change of \$(1,380,234) in comparison to the prior year.
- At the end of the current fiscal year, the fund balance for the general fund was \$6,891,692, a change of \$1,210,888 in comparison to the prior year.
- Total long-term debt (i.e., bonds payable) at the close of the current fiscal year was \$38,300,000, a change of \$(2,475,000) in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

NET POSITION

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Current assets	\$ 11,027,406	\$ 12,643,898
Noncurrent assets	<u>51,720,194</u>	<u>50,894,961</u>
Total assets	62,747,600	63,538,859
Current liabilities	7,125,411	7,320,395
Noncurrent liabilities	<u>41,658,763</u>	<u>42,968,301</u>
Total liabilities	48,784,174	50,288,696
Net position:		
Net investment in capital assets	14,251,377	13,530,933
Restricted	849,647	29,797
Unrestricted	<u>(1,137,598)</u>	<u>(310,567)</u>
Total net position	\$ <u>13,963,426</u>	\$ <u>13,250,163</u>

CHANGES IN NET POSITION

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Revenues:		
Program revenues:		
Charges for services	\$ 15,267,778	\$ 13,376,376
Operating grants and contributions	911,602	888,831
General revenues:		
County taxes	20,834,031	19,409,043
Investment income	29,890	75,956
Miscellaneous	673,944	718,481
Loss on disposal of old jail	<u>(936,926)</u>	<u>-</u>
Total revenues	36,780,319	34,468,687

(continued)

(continued)

CHANGES IN NET POSITION

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Expenses:		
General government	4,288,798	3,409,118
Public safety	2,611,078	2,606,742
Corrections	6,090,030	5,362,808
Human services	7,383,081	7,719,738
Cooperative extension	401,455	363,848
Nursing home	13,854,886	14,037,613
Interest expense	<u>1,437,728</u>	<u>1,501,237</u>
Total expenses	<u>36,067,056</u>	<u>35,001,104</u>
Change in net position	713,263	(532,417)
Net position - beginning of year	<u>13,250,163</u>	<u>13,782,580</u>
Net position - end of year	<u>\$ 13,963,426</u>	<u>\$ 13,250,163</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$13,963,426, a change of \$713,263 from the prior year.

The largest portion of net position \$14,251,377 reflects our investment in capital assets (e.g., land, land improvements, buildings and improvements, equipment and vehicles, and construction in progress), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$849,647 represents resources that are subject to external restrictions on how they may be used.

Governmental activities. Governmental activities for the year resulted in a change in net position of \$713,263. Key elements of this change are as follows:

Operating Results:

General fund	\$ 1,210,888
Nonmajor governmental funds	<u>(2,591,122)</u>
Subtotal operating results	(1,380,234)
Purchase of capital assets	3,180,622
Principal debt service in excess of depreciation expense	1,056,541
Disposal of old jail	(936,926)
Change in accrued interest liability	21,211
Change in compensated absence liability	(92,015)
Change in net OPEB obligation	<u>(1,135,936)</u>
Total	<u>\$ 713,263</u>

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$7,741,339, a change of \$(1,380,234) in comparison to the prior year. Key elements of this change are as follows:

General fund revenues in excess of expenditures	\$ 1,210,888
Non-major governmental funds expenditures in excess of revenues	<u>(2,591,122)</u>
Total	<u>\$ (1,380,234)</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,619,731 while total fund balance was \$6,891,692. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total budgeted expenditures. Refer to the table below.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County of Grafton, New Hampshire's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

County of Grafton, New Hampshire
3855 Dartmouth College Highway
North Haverhill, New Hampshire 03774

COUNTY OF GRAFTON, NEW HAMPSHIRE

STATEMENT OF NET POSITION

JUNE 30, 2013

	Governmental Activities
ASSETS	
Current:	
Cash and short-term investments	\$ 8,379,957
Restricted cash	436,774
Accounts receivable, net of allowances	1,110,281
Intergovernmental receivables	660,160
Inventory	392,734
Other assets	47,500
Noncurrent:	
Capital Assets:	
Land and construction in progress	2,743,490
Other capital assets, net of accumulated depreciation	<u>48,976,704</u>
TOTAL ASSETS	62,747,600
LIABILITIES	
Current:	
Accounts payable	2,469,089
Accrued expenses	759,655
Other liabilities	46,388
Restricted cash liability	10,935
Accrued interest	421,549
Current portion of long-term liabilities:	
Bonds payable	2,475,000
Accrued compensated absences	942,795
Noncurrent:	
Bonds payable, net of current	35,825,000
Accrued compensated absences, net of current	349,394
Net OPEB obligation	<u>5,484,369</u>
TOTAL LIABILITIES	48,784,174
NET POSITION	
Net investment in capital assets	14,251,377
Restricted for:	
Grants and other statutory restrictions	849,647
Unrestricted	<u>(1,137,598)</u>
TOTAL NET POSITION	\$ <u>13,963,426</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF GRAFTON, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General government	\$ 4,288,798	\$ 1,113,330	\$ 302,381	\$ (2,873,087)
Public safety	2,611,078	1,016,892	87,369	(1,506,817)
Corrections	6,090,030	484,474	521,852	(5,083,704)
Human services	7,383,081	-	-	(7,383,081)
Cooperative extension	401,455	-	-	(401,455)
Nursing home	13,854,886	12,653,082	-	(1,201,804)
Capital outlay	-	-	-	-
Interest expense	1,437,728	-	-	(1,437,728)
Total Governmental Activities	\$ 36,067,056	\$ 15,267,778	\$ 911,602	(19,887,676)
General Revenues:				
County taxes				20,834,031
Investment income				29,890
Miscellaneous				673,944
Loss on disposal of old jail				(936,926)
Total general revenues				20,600,939
Change in Net Position				713,263
Net Position:				
Beginning of year				13,250,163
End of year				\$ 13,963,426

The accompanying notes are an integral part of these financial statements.

COUNTY OF GRAFTON, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2013

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and short-term investments	\$ 8,376,469	\$ 3,488	\$ 8,379,957
Restricted cash	436,774	-	436,774
Accounts receivable, net of allowances	1,110,281	-	1,110,281
Intergovernmental receivables	660,160	-	660,160
Due from other funds	-	1,111,939	1,111,939
Inventory	392,734	-	392,734
Other assets	47,500	-	47,500
TOTAL ASSETS	\$ 11,023,918	\$ 1,115,427	\$ 12,139,345
LIABILITIES			
Accounts payable	\$ 2,244,349	\$ 224,740	\$ 2,469,089
Accrued expenses	759,655	-	759,655
Other liabilities	5,348	41,040	46,388
Due to other funds	1,111,939	-	1,111,939
Restricted cash liability	10,935	-	10,935
TOTAL LIABILITIES	4,132,226	265,780	4,398,006
Fund Balances:			
Nonspendable	392,734	-	392,734
Restricted	-	849,647	849,647
Committed	425,839	-	425,839
Assigned	3,453,388	-	3,453,388
Unassigned	2,619,731	-	2,619,731
TOTAL FUND BALANCES	6,891,692	849,647	7,741,339
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,023,918	\$ 1,115,427	\$ 12,139,345

The accompanying notes are an integral part of these financial statements.

COUNTY OF GRAFTON, NEW HAMPSHIRE
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2013

Total governmental fund balances	\$ 7,741,339
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	51,720,194
• In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(421,549)
• Long-term liabilities, including bonds payable, accrued compensated absences, and net OPEB obligation are not due and payable in the current period, therefore, are not reported in the governmental funds.	<u>(45,076,558)</u>
Net position of governmental activities	<u><u>\$ 13,963,426</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF GRAFTON, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
County taxes	\$ 20,834,031	\$ -	\$ 20,834,031
Nursing home	12,653,082	-	12,653,082
Charges for services	2,607,815	6,882	2,614,697
Intergovernmental	308,714	602,887	911,601
Investment income	29,890	-	29,890
Miscellaneous	<u>673,931</u>	<u>13</u>	<u>673,944</u>
Total Revenues	37,107,463	609,782	37,717,245
Expenditures:			
Current:			
General government	3,557,701	46,712	3,604,413
Public safety	2,394,930	32,411	2,427,341
Corrections	5,122,297	1,164	5,123,461
Human services	7,104,848	273,290	7,378,138
Cooperative extension	378,429	-	378,429
Nursing home	12,913,893	-	12,913,893
Capital outlay	490,538	2,847,327	3,337,865
Debt service:			
Principal	2,475,000	-	2,475,000
Interest	<u>1,458,939</u>	<u>-</u>	<u>1,458,939</u>
Total Expenditures	<u>35,896,575</u>	<u>3,200,904</u>	<u>39,097,479</u>
Excess (deficiency) of revenues over expenditures	1,210,888	(2,591,122)	(1,380,234)
Fund Equity, at Beginning of Year, as restated	<u>5,680,804</u>	<u>3,440,769</u>	<u>9,121,573</u>
Fund Equity, at End of Year	\$ <u><u>6,891,692</u></u>	\$ <u><u>849,647</u></u>	\$ <u><u>7,741,339</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF GRAFTON, NEW HAMPSHIRE

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

Net changes in fund balances - Total governmental funds \$ (1,380,234)

- Governmental funds report capital asset purchases as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital asset purchases	3,180,622
Loss on disposal of old jail	(936,926)
Depreciation	(1,418,459)

- The issuance of long-term debt (e.g., bonds payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Repayments of bonds payable	2,475,000

- In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.

21,211

- Some expenses reported in the Statement of Activities, such as accrued compensated absences and net OPEB obligation, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

Accrued compensated absences	(92,015)
Net OPEB obligation	<u>(1,135,936)</u>

Change in net position of governmental activities \$ 713,263

The accompanying notes are an integral part of these financial statements.

COUNTY OF GRAFTON, NEW HAMPSHIRE

ALL BUDGETED FUNDS

STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original Budget	From Prior Years' Budgets	Approved Transfers	Final Budget	
Revenues:					
County taxes	\$ 20,834,031	\$ -	\$ -	\$ 20,834,031	\$ -
Nursing home	10,224,139	-	-	10,224,139	2,428,943
Charges for services	2,502,999	-	-	2,502,999	104,816
Intergovernmental	226,872	-	-	226,872	81,842
Investment income	25,300	-	-	25,300	4,590
Miscellaneous	503,959	-	-	503,959	169,972
Total Revenues	34,317,300	-	-	34,317,300	2,790,163
Expenditures:					
General government	3,919,319	30,102	(74,306)	3,875,115	317,414
Public safety	2,570,378	4,964	-	2,575,342	180,412
Corrections	5,438,733	-	76,523	5,515,256	392,959
Human services	7,149,973	-	(10,000)	7,139,973	35,125
Cooperative extension	376,664	8,867	-	385,531	7,102
Nursing home	13,461,888	635	7,786	13,470,309	558,149
Capital outlay	465,781	158,173	-	623,954	199,541
Debt service - principal	2,475,000	-	-	2,475,000	-
Debt service - interest	1,459,564	-	(3)	1,459,561	622
Total Expenditures	37,317,300	202,741	-	37,520,041	1,691,324
Excess (deficiency) of revenues over expenditures before other financial sources	(3,000,000)	(202,741)	-	(3,202,741)	4,481,487
Other Financing Sources:					
Use of fund balance	3,000,000	202,741	-	3,202,741	-
Excess of revenues and other sources over expenditures	\$ -	\$ -	\$ -	\$ -	\$ 4,481,487

The accompanying notes are an integral part of these financial statements.

COUNTY OF GRAFTON, NEW HAMPSHIRE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2013

	Agency Funds
<u>ASSETS</u>	
Cash and short-term investments	\$ <u>109,493</u>
Total Assets	\$ <u><u>109,493</u></u>
<u>LIABILITIES</u>	
Due to others	\$ <u>109,493</u>
Total Liabilities	\$ <u><u>109,493</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF GRAFTON, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the County of Grafton, New Hampshire (the County) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The County is a municipal corporation governed by an elected Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the County and applicable component units for which the County is considered to be financially accountable. In fiscal year 2013, it was determined that no entities met the required GASB 39 criteria of component units.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Generally, all other revenue items are considered to be measurable and available only when cash is received by the County. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County reports the following major governmental fund:

- The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.

The *Agency Fund* is used to account for money held by the County on behalf of others (e.g., inmate funds, patient funds, and sheriff funds).

D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the general fund. Certain special revenue and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

E. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

F. Inventory

Inventory is valued at cost using the first-in/first-out (FIFO) method.

G. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, equipment and vehicles, and construction in progress, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 for assets acquired for use in the Nursing Home, and \$5,000 for all other assets, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	8 - 50
Building and improvements	8 - 50
Equipment and vehicles	3 - 20

H. Accrued Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

J. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. The County reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The County's fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds are either unspendable in the current form (i.e., inventory) or can never be spent.
- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended.
- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the County (i.e., the County Delegation).
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance voted to be used in the subsequent fiscal year.

5) Unassigned funds are available to be spent in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the County uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

K. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

L. Reclassifications

The accompanying financial statements reflect various changes in classification from the prior year.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

The County follows the following procedures establishing the budgetary data reflected in the basic financial statements:

- Prior to May 1st, the County departments submit to the County Commissioners a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Hearings are conducted by the County Commissioners prior to the County's budget meeting to discuss the proposed budget.
- The budget is legally enacted by the County Delegation prior to September 1st.

- Appropriations for certain projects and specific items not fully expended at the fiscal year-end are carried forward as continued appropriations to the new fiscal year in which they supplement the appropriations of that year.
- The budgets for all departments and operations of the County are prepared under the direction of the County Commissioners. Original appropriations are acted upon by the County Delegation vote.
- A copy of the budget is published in the Annual Report of the County of Grafton, New Hampshire.

B. Budgetary Basis

The final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

C. Budget/GAAP Reconciliation

The budgetary data for the general and proprietary funds is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures - (GAAP Basis)	\$ 37,107,463	\$ 35,896,575
To record use of fund balance	3,000,000	-
To record use of voted reserves (fund balance)	202,741	-
Other timing differences	-	(67,858)
Budgetary Basis	<u>\$ 40,310,204</u>	<u>\$ 35,828,717</u>

3. Cash and Short-Term Investments

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. RSA 29:1 limits "deposit in any one bank shall not at any time exceed the

sum of its paid-up capital and surplus.” The County does not have a deposit policy for custodial credit risk.

As of June 30, 2013, approximately \$1,197,000 of the County’s bank balance was exposed to custodial credit risk as uninsured or uncollateralized.

4. **Allowance for Doubtful Accounts and Contractual Allowances**

The allowance for doubtful accounts for Nursing Home receivables has been estimated at approximately \$129,000 at June 30, 2013. Nursing Home receivables are also reported net of contractual allowances.

5. **Capital Assets**

Capital asset activity for the year ended June 30, 2013 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Land improvements	\$ 2,755	\$ -	\$ -	\$ 2,755
Buildings and improvements	54,327	535	(1,875)	52,987
Equipment and vehicles	3,709	238	(84)	3,863
Total capital assets, being depreciated	60,791	773	(1,959)	59,605
Less accumulated depreciation for:				
Land improvements	(754)	(25)	-	(779)
Buildings and improvements	(6,908)	(1,128)	938	(7,098)
Equipment and vehicles	(2,571)	(265)	84	(2,752)
Total accumulated depreciation	(10,233)	(1,418)	1,022	(10,629)
Total capital assets, being depreciated, net	50,558	(645)	(937)	48,976
Capital assets, not being depreciated:				
Land	214	-	-	214
Construction in progress	123	2,407	-	2,530
Total capital assets, not being depreciated	337	2,407	-	2,744
Governmental activities capital assets, net	\$ 50,895	\$ 1,762	\$ (937)	\$ 51,720

Depreciation expense was charged to functions of the County as follows (in thousands):

Governmental Activities:	
General government	\$ 233
Public safety	90
Corrections	743
Nursing home	<u>352</u>
Total depreciation expense - governmental activities	\$ <u>1,418</u>

6. Accounts Payable

Accounts payable represents 2013 expenditures paid after June 30, 2013.

7. Anticipation Notes Payable

At June 30, 2013, the County had no anticipation lines of credit available. The following summarizes notes payable activity during fiscal year 2013:

	<u>Issue Amount</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Balance Beginning of Year</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance End of Year</u>
Tax anticipation	\$ 5,000,000	09/27/12	1.00%	\$ -	\$ <u>3,500,000</u>	\$ <u>(3,500,000)</u>	\$ -
Total				\$ <u>-</u>	\$ <u>3,500,000</u>	\$ <u>(3,500,000)</u>	\$ <u>-</u>

8. Long-Term Debt

A. General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds currently outstanding are as follows:

	Serial	Interest	Amount
	Maturities	Rate(s) %	Outstanding
	Through		as of
<u>Governmental Activities:</u>			<u>6/30/13</u>
Nursing Home - Phase I, II	09/01/23	3.00 - 4.30%	\$ 5,437,500
Nursing Home - Phase III	09/01/23	3.00 - 4.30%	1,812,500
Fire sprinkler system water tank	01/01/19	4.50 - 5.00%	575,000
Jail construction - 2010	12/01/30	3.00 - 4.00%	15,750,000
Jail construction - 2011	01/01/32	2.50 - 4.75%	14,725,000
Total Governmental Activities			<u>\$ 38,300,000</u>

B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2013 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,475,000	\$ 1,378,700	\$ 3,853,700
2015	2,470,000	1,298,238	3,768,238
2016	2,470,000	1,217,456	3,687,456
2017	2,470,000	1,135,588	3,605,588
2018	2,470,000	1,053,338	3,523,338
2019 - 2023	11,970,000	3,975,531	15,945,531
2024 - 2028	8,250,000	2,098,719	10,348,719
Thereafter	5,725,000	515,438	6,240,438
Total	<u>\$ 38,300,000</u>	<u>\$ 12,673,008</u>	<u>\$ 50,973,008</u>

C. Changes in General Long-Term Liabilities

During the year ended June 30, 2013, the following changes occurred in long-term liabilities (in thousands):

	Total			Total	Less	Equals
	Balance			Balance	Current	Long-Term
	<u>7/1/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/13</u>	<u>Portion</u>	<u>Portion</u>
<u>Governmental Activities</u>						<u>6/30/13</u>
Bonds payable	\$ 40,775	\$ -	\$ (2,475)	\$ 38,300	\$ (2,475)	\$ 35,825
Other:						
Accrued compensated						
absences	1,200	92	-	1,292	(943)	349
Net OPEB obligation	4,348	1,509	(373)	5,484	-	5,484
Totals	<u>\$ 46,323</u>	<u>\$ 1,601</u>	<u>\$ (2,848)</u>	<u>\$ 45,076</u>	<u>\$ (3,418)</u>	<u>\$ 41,658</u>

9. Restricted Net Assets

The accompanying entity-wide financial statements report restricted net assets when external constraints from grantors or contributors are placed on net assets.

10. Fund Balances

The following is a summary of fund balances at June 30, 2013:

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Nonspendable:			
Inventory reserve	\$ 392,734	\$ -	\$ 392,734
Total Nonspendable	392,734	-	392,734
Restricted:			
Unexpended grant and capital project funds	-	849,647	849,647
Total Restricted	-	849,647	849,647
Committed:			
Delegation voted reserves:			
Dispatch capital reserve	250,493	-	250,493
Deeds surcharge reserve	107,504	-	107,504
Nursing Home capital reserve	67,842	-	67,842
Total Committed	425,839	-	425,839
Assigned:			
Commissioner voted reserves	453,388	-	453,388
Use of fund balance in subsequent year budget	3,000,000	-	3,000,000
Total Assigned	3,453,388	-	3,453,388
Unassigned:			
Remaining fund balance	2,619,731	-	2,619,731
Total Unassigned	2,619,731	-	2,619,731
Total Fund Balances	\$ 6,891,692	\$ 849,647	\$ 7,741,339

11. **Commitments and Contingencies**

Outstanding Legal Issues - There are several pending legal issues in which the County is involved. The County's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

12. **Post-Employment Healthcare and Life Insurance Benefits**

Other Post-Employment Benefits

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB), on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time.

A. Plan Description

The County provides post-employment healthcare benefits for certain retirees.

B. Benefits Provided

The County provides medical benefits to its eligible retirees. The benefits are provided through Primex.

C. Funding Policy

The County pays 100% of the retiree's medical benefits. The County also received a subsidy from the New Hampshire State Retirement Systems that it uses to offset its OPEB.

The County does not contribute towards the cost of spouses' OPEB. Spouses desiring to remain covered under the County plan pay 100%.

The spouse is required to pay 100% of the cost of benefits following the death of the retired employee.

D. Annual OPEB Costs and Net OPEB Obligation

The County's fiscal 2013 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the County's annual OPEB cost for the year ending June 30, 2013, the amount actually contributed to the plan, and the change in the County's net OPEB obligation based on an actuarial valuation as of July 1, 2012.

Annual Required Contribution (ARC)	\$ 1,581,606
Interest on net OPEB obligation	173,937
Adjustment to ARC	<u>(246,587)</u>
Annual OPEB cost	1,508,956
Contributions made	<u>(373,020)</u>
Increase in net OPEB obligation	1,135,936
Net OPEB obligation - beginning of year	<u>4,348,433</u>
Net OPEB obligation - end of year	<u>\$ 5,484,369</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 1,508,956	25%	\$ 5,484,369
2012	\$ 1,524,307	21%	\$ 4,348,433
2011	\$ 1,482,995	18%	\$ 3,136,699
2010	\$ 1,199,261	20%	\$ 1,925,406

E. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2012, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 15,022,208
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 15,022,208
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 10,508,186
UAAL as a percentage of covered payroll	143%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the Notes to Financial Statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the County and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation the projected unit credit cost method was used. The actuarial value of assets was not determined as the County has not advance funded its obligation. The actuarial assumptions included a 4.0% investment rate of return and an initial annual healthcare cost trend rate of 5%. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis. This has been calculated assuming the amortization payment increases at a rate of 4.5%.

13. Pension Plan

The County follows the provisions of GASB Statement No. 27, *Accounting for Pensions for State and Local Government Employees*, (as amended by GASB 50) with respect to the employees' retirement funds.

A. Plan Description

The County contributes to the New Hampshire Retirement System (NHRS), a cost-sharing multiple-employer contributory defined benefit pension plan. NHRS provides service, disability and death, and vested retirement benefits to plan members and beneficiaries. NHRS is administered by a 13-member Board of Trustees. The Board of Trustees formulates administrative policies and procedures and authorizes benefit payments to members and their beneficiaries. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301-8507.

B. Funding Policy

Sheriff's deputies and correctional officers plan members and all other employee plan members are required to contribute 11.55% and 7%, respectively, of their annual covered salary and the County is required to contribute at an actuarially determined rate. The current rate for sheriff's deputies and correctional officers is 19.95% of annual covered payroll. The current rate for all other employees is 8.80% of annual covered payroll. The contribution requirements of plan members are fixed by statute. The County's contributions to NHRS for the years ended June 30, 2013, 2012, and 2011 were \$1,389,315, \$1,329,923, and \$1,161,818, respectively, equal to the required contributions for each year.

The payroll for employees covered by the System for the year ended June 30, 2013 was \$12,369,286. In accordance with State House Bill 2, the provision in RSA 100-A:16 requiring State contributions has been eliminated as of July 1, 2011. Contribution requirements for the year ended June 30, 2013, were as follows:

County contributions	\$ 1,389,315
Employees' contributions	<u>990,165</u>
Total	<u>\$ 2,379,480</u>

14. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

15. Beginning Fund Balance Restatement

The beginning (July 1, 2012) balances of the County have been restated as follows:

	<u>Governmental Funds</u>			
	<u>General Fund</u>	<u>Jail Construction Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
As previously reported	\$ 5,680,804	\$ 3,410,972	\$ 29,797	\$ 9,121,573
Reclassification of Jail Construction Project Fund to Nonmajor Governmental Funds	<u>-</u>	<u>(3,410,972)</u>	<u>3,410,972</u>	<u>-</u>
As restated	<u>\$ 5,680,804</u>	<u>\$ -</u>	<u>\$ 3,440,769</u>	<u>\$ 9,121,573</u>

16. Implementation of New GASB Standards

The GASB has issued Statement 68 Accounting and Financial Reporting for Pensions, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the County's basic financial statements by recognizing as a liability and expense, the County's applicable portion of the New Hampshire Retirement Systems' actuarially accrued liability.

COUNTY OF GRAFTON, NEW HAMPSHIRE
SCHEDULE OF FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2013

(Unaudited)

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
7/1/2008	\$ -	\$ 8,798,701	\$ 8,798,701	N/A	N/A	N/A
7/1/2010	\$ -	\$ 13,135,173	\$ 13,135,173	N/A	\$ 10,100,140	130%
7/1/2012	\$ -	\$ 15,022,208	\$ 15,022,208	N/A	\$ 10,508,186	143%

See Independent Auditors' Report.



Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate Commissioner

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

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STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

G&C Approved

Date 7/10/13
Item # 50

June 11, 2013

52.6% Federal
47.4% General

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug and Alcohol Services, to exercise renewal options with vendors by increasing the price limitations by \$69,411 in aggregate from \$15,413,217 to \$15,482,628 in aggregate for a continuum of substance abuse treatment services state-wide and extending the completion date from June 30, 2013 to June 30, 2014, effective July 1, 2013 or date of Governor and Council approval, whichever is later.

Summary of contracted amounts by vendor:

<u>Vendor</u>	<u>Amount</u>
Grafton County	\$69,411
TOTAL	\$69,411

Funds to support this request are anticipated to be available in the following accounts in SFY 2014 upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts within the price limitation and amend the related terms of the contracts without further approval from Governor and Executive Council.

05-95-49-491510-2989 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, GOVERNOR COMMISSION FUNDS (100% General Funds)

05-95-49-491510-2990 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, CLINICAL SERVICES (34.4% General 65.6% Federal)

Please see attachment for financial details

EXPLANATION

The requested action seeks approval of the 17th of 17 agreements (Governor and Council approved 15 of the agreements as a single item on June 5, 2013, as of this writing, the 16th agreement is on the agenda for June 19, 2013) and represents \$69,4121 of the \$7,741,314 total anticipated to be spent state-wide to provide a continuum of substance abuse treatment services via the accounting codes listed. These services include

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
June 11, 2013
Page 2 of 4

community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children. This request seeks to exercise the renewal option that exists within each of the vendor contracts. This is the last of the agreements that remained to be presented to Governor and Executive Council for this procurement.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, these contracts will continue to allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

The vendors were originally selected for this agreement through a competitive bid process. This request covers services for the period July 1, 2013 to June 30, 2014, and anticipates exercising the option to renew for one additional year as provided all of the previous vendor contracts, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with the listed vendors in State Fiscal Year 2013 in the amount of \$7,741,314 in the aggregate. This agreement represents level funding of all vendors.

The following performance measures will be used to measure the effectiveness of the agreements:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.

- i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
 - A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for I intensive outpatient treatment services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Contractors, with the exception of those agencies that only offer outpatient services, are required to develop the capacity for group recovery support aftercare services for a minimum of 25% of the number treatment clients (including outpatient and transitional living program clients) they are under contract to serve. Group recovery support aftercare services are services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Recovery Support Services include, but are not limited to, guidance in financial management, parenting, vocational training, life management and spiritual counseling as well as transportation and child-care. These group recovery support services are for clients discharged from substance use disorder treatment services provided under contract with the Bureau of Drug and Alcohol Services on behalf of the Department, which may include clients that had received SUD treatment from the Contractor or a different agency. Contractors are only allowed to access these services for their clients or clients that had received substance use disorder treatment from a different agency through the statewide care coordination program under agreement with the Bureau of Drug and Alcohol Services on behalf of the Department.

All treatment programs under contract with the Bureau of Drug and Alcohol Services on behalf of the Department are required to report on the National Outcome Measures (see attached) established by the Substance Abuse and Mental Health Services Administration, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the Electronic Health Record/Web Infrastructure Treatment System. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions. The Contractor is expected to meet or exceed these percentages as measured by the Electronic Health Record/Web Infrastructure Treatment System.

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
June 11, 2013
Page 4 of 4

Area served: Statewide for the entire procurement. Grafton County for this Request.

Source of Funds: 52.6% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant and 47.4% General .

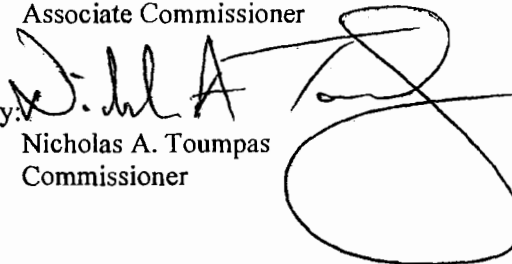
In the event that the Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate
Commissioner

BUREAU OF DRUG AND ALCOHOL SERVICES

105 PLEASANT STREET, CONCORD, NH 03301

603-271-6100 1-800-804-0909

FAX: 603-271-6105 TDD Access: 1-800-735-2964

Approved by: G+C
Date: 6/20/12
Item No.: 96
Contract No.: 1024221

May 24, 2012

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug & Alcohol Services, to enter into an agreement with County of Grafton (Vendor # 177397), 3865 Dartmouth College Highway, North Haverhill, NH, to provide for a continuum of substance abuse treatment services, in an amount not to exceed \$69,411.00 to be effective July 1, 2012 or date of Governor and Council approval, whichever is later, through June 30, 2013. Funds are available in the following accounts for State Fiscal Year 2013:

05-95-95-958410-1388 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT AND PREVENTION, GOVERNOR

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95848501	\$34,706.00
			Subtotal	\$34,706.00

05-95-95-958410-1387 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, TREATMENT-PREVENTION-STATE

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95841387	\$34,705.00
			Subtotal	\$34,705.00
			Total	\$69,411.00

EXPLANATION

The purpose of this agreement is to provide a continuum of substance abuse treatment services such as community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children, in the Grafton County House of Corrections.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, this contract will allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

County of Grafton was selected for this agreement through a competitive bid process. A Request for Proposals was posted on the Department's web site on March 6, 2012 through April 2, 2012. In addition, a bidder's conference was held on March 12, 2012.

A total of 19 proposals were received. A review committee of three professionals reviewed each proposal. All reviewers have between three to twenty years experience managing agreements with vendors for various public health programs. Areas of specific expertise include: maternal and child health; substance abuse prevention and treatment; chronic and communicable diseases; and public health infrastructure. Eighteen of the proposals were selected for funding based on review criteria that included availability of funds, consistency with stated funding priorities, technical score, and equitable geographic distribution. The agency that was not selected did not meet the minimum scoring criteria established for funding. The Bid Summary is attached.

This request covers services for the period July 1, 2012 to June 30, 2013, with an option to renew for one additional year, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with this agency in State Fiscal Year 2012 in the amount of \$69,411.00. This agreement represents level funding.

The following performance measures will be used to measure the effectiveness of the agreement:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services (OP)
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services (IOP) – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for IOP services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

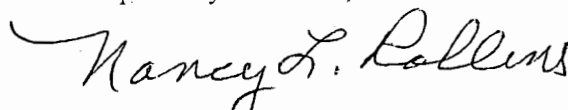
Area served: Grafton County House of Corrections.

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
May 24, 2012
Page 4 of 4

Source of Funds: 0% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant, 95% General Funds and 5% Other (Highway) Funds.

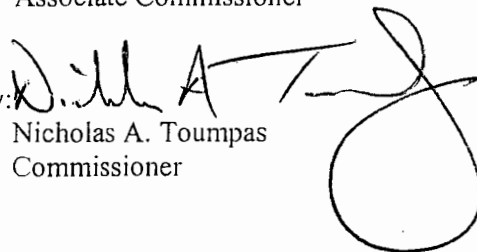
In the event that the Federal or Other Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner

NLR/df



**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services**

**State of New Hampshire
Department of Health and Human Services
Amendment #2 to the Substance Use Disorder Treatment and Recovery Support Services
Contract**

This 2nd Amendment to the Substance Use Disorder Treatment and Recovery Support Services contract (hereinafter referred to as "Amendment 2") dated this 15th day of May 2014, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Greater Nashua Council on Alcoholism (hereinafter referred to as "the Contractor"), a non-profit corporation with a place of business at 615 Amherst Street, Nashua, NH 03060.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on June 20, 2012, (item # 110) and amended by an agreement (Amendment #1 to the Contract) approved on June 5, 2013, (Item # 102A), 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, the State may amend the Contract by written agreement of the parties; and;

WHEREAS, the parties agree to extend the current contract by one year.

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:

- 1) Amend Form P-37, Block 1.6 to read:
 - a) 05-95-49-491510-29890000-102-500734
 - b) 05-95-49-491510-29900000-102-500734
- 2) Amend Form P-37, Block 1.7 to read June 30, 2015.
- 3) Amend Form P-37, Block 1.8 to read \$4,070,835
- 4) Delete Exhibit A and replace with Exhibit A Amendment #2
- 5) Delete Exhibit B and replace with Exhibit B Amendment #2



New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services

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

5/28/14
Date

John L. Rock
NAME
TITLE Director

Greater Nashua Council on Alcoholism

5/21/14
Date

Peter Kelleher
NAME Peter Kelleher
TITLE President & CEO

Acknowledgement:

State of NH, County of Hillsborough on 5/21/14, 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

Laurel Lefavor
Name and Title of Notary or Justice of the Peace

LAUREL A. LEFAVOR, Notary Public
My Commission Expires September 22, 2015



New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services

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

OFFICE OF THE ATTORNEY GENERAL

6-2-14
Date


Name: Rosemary Wiant
Title: Assistant Attorney General

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:

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



Exhibit A Amendment #2

Scope of Services

A. Population Served

Services are available to New Hampshire residents who meet diagnostic, financial, and other eligibility criteria for Department of Health and Human Services supported substance use disorder services as defined in Section C, Clients Eligible for Treatment Services.

B. The Contractor shall provide treatment services as identified below:

Service Table - An "X" denotes that the Contractor shall provide that service(s) to eligible individuals in accordance with all applicable laws, rules, and regulations and terms and conditions of this Agreement.

Required Services	Treatment Services
X	Outpatient Treatment (ASAM Level 1) - Substance abuse treatment services provided in individual and group counseling sessions in a non-residential setting. Clients may be enrolled in outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Outpatient Treatment (ASAM Level 1) – Pregnant & Parenting Women – Outpatient Treatment as identified above provided to pregnant & parenting women.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – A combination of individual and group substance abuse treatment services conducted in an outpatient setting for a minimum of 3 hours of direct client treatment services per day for a minimum of three days per week. Clients receiving less than this level of service should be enrolled in an outpatient program. Clients may be enrolled in intensive outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – Pregnant & Parenting Women - Intensive Outpatient Treatment as identified above provided to pregnant & parenting women.
X	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Residential substance abuse treatment services are designed to support individuals in the early stages of recovery that need this residential level of care and/or are homeless. The goal of these programs is to prepare clients to become self-sufficient in the community. Clients may be enrolled in low-intensity residential treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days. Residents typically work in the community and may pay a portion of their room and board.
X	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Pregnant Women - Low-Intensity Residential Treatment as identified above provided to

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



Exhibit A Amendment #2

	pregnant & parenting women.
X	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Short-term residential substance abuse treatment designed to assist individuals who require a more intensive level of service in a structured setting and/or individuals that may be homeless. Admission is on a voluntary basis. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Pregnant Women - High-Intensity Residential – Adult and Medium Intensity Residential – Adolescent as identified above provided to pregnant women.
X	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5) - Residential treatment services for pregnant and parenting women and their children. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Recovery Support Services: Group or individual services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Examples of recovery support services include, but are not limited to: assisting clients with enrollment in Medicaid, the New Hampshire Health Protection Program (NHHPP), or private insurance, anger management, financial management, communication skills, spiritual support, parenting skills, health management, case management, organization and time management, recovery coaching, recovery mentoring, stress management, and vocational services. Programs may focus on a single recovery support service or provide a curriculum that includes an array of recovery support services. Types of Recovery Support Services are listed below:
X	Continuous recovery monitoring services are regular follow-ups with clients to assess the status of the client's recovery, identify any needs the client may have and help the client to address those needs, and provide early intervention for client's who have relapsed or who's recovery is otherwise at risk.
	Enhanced Services are specialized services that remove barriers to a client's participation in treatment. Examples of these services are child care while a parent is participating in treatment or transportation to and/or from the treatment site.
X	Recovery Support Services as identified above provided to pregnant & parenting women.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

C. Required Services

Priority Admission:

- 1) The Contractor shall give admission preference to pregnant women and women with dependent children, even if the children are not in their custody, as long as parental rights have not been terminated, including the provision of interim services within the required 48 hour time frame.
- 2) Individuals with a history of injection drug use including the provision of interim services within 14 days.
- 3) Individuals with a primary diagnosis of a substance use disorder, which may also include a co-occurring mental health disorder.
- 4) Individuals on medication-assisted treatment for co-occurring substance abuse and mental health disorders or various opiate replacement therapies, including, but not limited to, methadone, buprenorphine and naltrexone.

Required Outreach:

New Hampshire Department of Health & Human Services (DHHS) programs receiving federal treatment Block Grant funds requires that Contractors must publicize services available to pregnant or parenting women and injection drug users in need of substance abuse treatment and that these individuals receive preference for admission to treatment. This may be done as follows, but is not limited to, street outreach programs, ongoing public service announcements (radio/television), regular advertisements in local/regional print media, posters placed in targeted areas, and frequent notification of availability of such treatment distributed to the network of community based organizations, health care providers and social service agencies. The Contractor will submit their outreach plans to DHHS through the Bureau of Drug and Alcohol Services (BDAS) within 60 days of contract effective date.

Health Facilities Administration Licensing Requirements:

Housing programs with substance abuse treatment services at the same location will need to secure necessary licensing as a Residential Rehabilitation Facility by the DHHS Bureau of Health Facilities Administration, as appropriate, see He-P 807 at the following link: (http://www.gencourt.state.nh.us/rules/state_agencies/he-p800.html). Any contractor with an American Society of Addiction Medicine (ASAM) (October 2013) Level 3.3 or higher level program must secure this licensing for all Level 3 programs housed within the same facility as the Level 3.3 program. In the case of residential treatment and housing at the same site, residential programs should plan to treat no more than 16 pregnant or parenting women at any given time to comply with federal Medicaid restrictions on Institute for Mental Diseases (IMD) exclusion criteria. This restriction would not apply to programs in which the client's residence is in a separate location from the treatment program.

Capacity Reporting:

The Contractor must contact BDAS, as agent for DHHS, when their capacity has reached 90% within 5 business days. The Contractor must refer pregnant women to the State when the Contractor has insufficient capacity to provide services to any such pregnant women who seek the services of the program. Sending e-mail to the BDAS Clinical Services Unit Administrator may complete this notification process.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

Access to Services:

The Contractor shall respond to calls requesting treatment and/or transitional living program services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within 2 business days following the day the call was received.

The Contractor is required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.

Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client should be referred to a DHHS funded provider where they are able to access interim services.

Contractors receiving grant funds from DHHS will not discriminate against clients who are using legitimate medications to assist their recovery and will not have policies that allow them to refuse admission to treatment or to discharge clients from treatment based on the use of appropriately prescribed medications and various opiate replacement therapies, including, but not limited to, methadone and buprenorphine, as well as other forms of medication-assisted treatment for co-occurring substance abuse and mental health disorders.

Clients Eligible for Treatment Services:

In order to be eligible for DHHS supported services, a client must meet all eligibility criteria described below. Eligibility determination shall be conducted as follows:

1. Substance Use Disorder, Financial Eligibility & Residency Screening: The contractor shall complete the eligibility screening module in the Web Information Technology System (WITS) to determine if the client meets residency, financial, and substance use disorder potential eligibility requirements:
 - a. Residency: The client must be a resident of New Hampshire or homeless in New Hampshire to be eligible for DHHS supported services; and
 - b. Financial Eligibility: The client's income must be below 400% of Federal Poverty Level (FPL) to be eligible for DHHS supported services based on the sliding fee scale described below. Once the screening has been completed, the contractor shall print the associated attestation and have the client sign this document. A copy of the signed attestation shall be maintained in the client file. The client's financial eligibility shall be reassessed no less than every 120 days; and
 - c. Potential for a Substance Use Disorder: The client must screen positive for a potential substance use disorder to be eligible for DHHS funded services.
2. Evaluation: The contractor shall conduct a full substance abuse evaluation, which includes administration of either the Addiction Severity Index (ASI) in WITS or Global Appraisal of Individual Needs (GAIN).
 - a. Substance Use Disorder: This evaluation shall be used to determine if the client meets Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM5) criteria for a substance use disorder. Clients who meet DSM5 criteria for a substance use disorder are eligible for DHHS funded services. Client who do not meet these criteria are not eligible for DHHS funded services.



Exhibit A Amendment #2

- b. Level of Care: For clients who have met all other eligibility requirements, this evaluation shall be used to determine the appropriate level of care for the client based on ASAM (October 2013) criteria. The client is eligible for DHHS funded services at the assessed level of care unless such a level of care is unavailable or the client chooses to enter a lower level of care. If the assessed level of care is unavailable, the client may choose to enter the next higher level of care.
3. Medicaid/NHHPP Eligibility: The contractor shall determine whether or not the client is eligible for Medicaid/NHHPP coverage for the identified level of care. If the client is not eligible for Medicaid/NHHPP coverage for the identified level of care, the client may be eligible for DHHS funded services. If the client is eligible for Medicaid/NHHPP coverage for the identified level of care, the client is not eligible for DHHS funded services.
4. Insurance Coverage: The contractor shall determine whether or not the client has insurance that will cover services at the identified level of care. If the client does not have insurance that will reimburse for these services at a rate equal to or greater than the DHHS rate, the client is eligible for DHHS funded services. If the client has insurance that will reimburse for these services at an amount equal or greater to the DHHS reimbursement rate, the client is not eligible for DHHS funded services. The contractor may not charge the combination of the client, any 3rd party payor, and DHHS more than the maximum charge allowed. These parties shall be charged in the following order:
 - a. The maximum allowed charge will be billed to the client's insurer, if applicable.
 - b. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
 - c. The balance of the maximum allowed charge after deducting the client's portion and the insurance payment, if applicable, shall be charged to DHHS.

Sliding Fee Scale:

The contractor shall not charge the combination of the client, any 3rd party payor and BDAS an amount greater than the maximum rate allowed for each service. All reasonable efforts shall be made to collect payment of bills. A client's inability to pay shall not preclude admission to the program and treatment.

- Client Income is 0% - 138% of FPL: 100% of the allowed charge less any amount paid for by insurance.
- Client Income is 139% - 149% of FPL: 92% of the allowed charge less any amount paid for by insurance.
- Client Income is 150% - 199% of FPL: 88% of the allowed charge less any amount paid for by insurance.
- Client Income is 200% - 249% of FPL: 75% of the allowed charge less any amount paid for by insurance.
- Client Income is 250% - 299% of FPL: 60% of the allowed charge less any amount paid for by insurance.
- Client Income is 300% - 349% of FPL: 43% of the allowed charge less any amount paid for by insurance.
- Client Income is 350% - 399% of FPL: 33% of the allowed charge less any amount paid for by insurance.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

With respect to minority age individuals, a minor child shall not be denied services as a result of the parent's unwillingness to pay the fee or the minor child's decision to receive confidential services pursuant to RSA 318-B:12-a.

Waiting List Management:

When a person who is pregnant or an injection substance abuser seeks treatment and there are no appropriate treatment services available within the required time frame as outlined below, interim services **must** be made available. The Contractor agrees to maintain the wait list management system in WITS that includes a unique patient identifier and include information on dates of requests for admission to treatment, provision of interim services and source for those services, referrals made for treatment or interim services, and disposition of clients on the waiting list.

- The waiting list must contain a mechanism that identifies and counts the number of applicants who present and are determined to be appropriate for substance abuse treatment but are unable to be placed as there is no capacity;
- Maintain contact with individuals awaiting admission; and,
- Admit or transfer waiting list clients at the earliest possible time to an appropriate treatment program within a reasonable geographic area.

The Contractor shall remove a client awaiting treatment from the waiting list only when one of the following conditions exists:

- Such persons cannot be located for admission into treatment *or*
- Such persons refuse treatment.

Specific Interim Services for Pregnant Women, Women with Dependent Children and Injection Drug Users:

The Contractor agrees to contact the BDAS Clinical Services Unit if a pregnant women and women with dependent children or individuals with a history of injection drug use, cannot be accepted into treatment within specific time frames, and agrees that interim services will be provided or facilitated by the Contractor. Interim services for pregnant women must include counseling on the effects of alcohol and drug use on the fetus, referrals for prenatal care, and counseling and education about HIV and tuberculosis. Interim services for injection drug users must also include counseling and education in the risks of needle sharing, about the risks of transmission to sexual partners and infants, and referral for HIV, Hepatitis C and tuberculosis screening/testing. All interim services shall be documented in the client's clinical record in the WITS system.

Interim Services for other Clients:

The Contractor shall provide, or refer the client to, interim services until level of service identified in the level of care assessment is available and/or the client is willing and assessed as being sufficiently motivated to take advantage of the proposed level of service or interim services. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client shall be referred to a DHHS funded provider where they are able to access interim services.

Services to pregnant and parenting women:

The Contractor further agrees that childcare will be made available to women who are in treatment with their dependent children, either through on-site care or through arrangements with an off-site legal childcare provider. Other services required are as follows:



Exhibit A Amendment #2

- The family is treated as a unit and, therefore, admits both women and their children into treatment services, if appropriate.
- The Contractor shall provide or arrange for primary medical care for women who are receiving substance abuse services, including prenatal care.
- The Contractor shall provide or arrange for childcare while the women are receiving services even if the children are not in their custody, as long as parental rights have not been terminated.
- The Contractor shall provide or arrange for primary pediatric care for the women's children, including immunizations.
- The Contractor shall provide or arrange for gender-specific substance abuse treatment and other therapeutic interventions for women that may address issues of relationships, sexual abuse, physical abuse, and parenting, and childcare while the women are receiving these services.
- The Contractor shall provide or arrange for therapeutic interventions for children in custody of women in treatment, which may, among other things, address the children's developmental needs, their issues of sexual and physical abuse, and neglect.
- The Contractor shall provide or arrange for sufficient case management and transportation services to ensure that the women and their children have access to the services provided for above.
- If a pregnant, pregnant injection drug using or Injection Drug Using person refuses treatment or says (s)he is not interested in treatment, the wait list report shall be completed with the engagement activities attempted.
- If a pregnant, pregnant injection drug using or Injection Drug Using person no shows or cancels treatment, interim services must be provided, as stipulated above and the wait list report shall be completed that demonstrates the activities of follow up, engagement and substance abuse treatment services offered.

Relationship(s) with Primary Health Care:

The Contractor shall arrange and coordinate services and exchange of information with other health care providers and agencies which:

- Identifies the client's current Primary Care Provider (PCP) at screening and/or intake.
- If the client has no current PCP, the Contractor shall identify available provider(s) in the client's local area such as a federally qualified community health center, community health center, or other local health services.
- Obtains client/patient authorization to communicate with PCP office.
- If no authorization is completed initially, the Contractor shall educate client as to the importance of engaging the PCP in ongoing care and address the client's concerns as part of treatment, with goal of obtaining authorization before discharge.
- Sends the discharge summary to PCP and offers to discuss recovery issues with the provider.
- Arranges (or has the client arrange) a post-discharge appointment with PCP for the client/patient for follow-up of the substance use disorder.

Tobacco Cessation:

The Contractor shall have policies and procedures for both client and Contractor staff, that not only creates a tobacco-free environment as required by law, but to offer tobacco cessation tools and programming. Tobacco use, in and of itself, shall not be grounds for administrative discharge from the program. Initially, all clients shall be assessed for motivation in stopping the use of tobacco products. Providers may tap into resources such as the DPHS Tobacco Prevention & Control Program (TPCP) and

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the certified tobacco cessation counselors available through the QuitLine. Other resources for providers include:

Breathe New Hampshire
145 Hollis St., Unit C
Manchester, NH 03101
603-669-2411 (phone) or 1-800-835-8647

The New Hampshire Medicaid program covers:

- Nicotine Replacement Therapy (NRT) Gum,
 - NRT Patch,
 - NRT Nasal Spray,
 - NRT Lozenge,
 - NRT Inhaler,
 - Varenicline (Chantix),
 - Bupropion (Zyban),
 - Group Counseling and/or
 - Individual Counseling. Up to 12 individual counseling sessions are covered per year through a mental health provider (Note: These sessions would NOT be in addition to other mental health counseling sessions under Medicaid). Pregnant women also have the option of group counseling.
- For more information, visit the website at:
<http://www.dhhs.state.nh.us/DHHS/MEDICAIDPROGRAM/default.htm>

Tuberculosis:

The Contractor shall make available tuberculosis services (defined as screening, counseling, testing, and treatment) directly, or through other providers, to each client receiving treatment. In the case of an individual denied admission due to lack of capacity, the substance abuse treatment Contractor will refer the individual to another provider of tuberculosis services if appropriate. All Contractor providing residential services shall make available, either on-site or through agreements with health care providers, tuberculosis services, including screening, testing, counseling and referral for medical treatment.

Physical location and facilities:

For the purpose of providing the services described in Section II of the Scope of Services, the Contractor shall obtain and maintain a suitable space complying with all fire, health, and safety codes to include handicapped accessibility and being wheelchair accessible.

The Contractor shall obtain written prior approval of DHHS, acting through BDAS, before entering into any agreement concerning relocation of the service site.

Culturally and Linguistically Appropriate Standards of Care:

DHHS recognizes that culture and language have considerable impact on how consumers access services. Culturally and linguistically diverse populations experience barriers in efforts to access services. To ensure equal access to quality services, DHHS expects that Contractors shall provide culturally and linguistically appropriate services according to the following guidelines:

1. Assess the ethnic/cultural needs, resources and assets of their community.
2. Promote the knowledge and skills necessary for staff to work effectively with consumers with respect to their culturally and linguistically diverse environment.

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3. When feasible and appropriate, provide clients of Limited English Proficiency (LEP) with interpretation services. Persons of LEP are defined as those who do not speak English as their primary language and whose skills in listening to, speaking, or reading English are such that they are unable to adequately understand and participate in the care or in the services provided to them without language assistance.
4. The Contractor is responsible for reasonable accommodations in arranging for interpreter services for hearing impaired clients.
5. The Contractor offers consumers or clients a forum through which those individuals have the opportunity to provide feedback to the Contractor regarding cultural and linguistic issues that may deserve response.

Compliance with State and Federal Laws:

The Contractor is responsible for compliance with all relevant state and federal laws. Special attention is called to the following statutory responsibilities:

1. All services provided pursuant to this Contract shall be subject to the most current proposed or formalized rules and regulations promulgated by DHHS, pursuant to RSA 541-A.
2. The Contractor shall maintain adherence to federal and state confidentiality laws specifically: 42 CFR Part 2B, N.H. RSA 318 B:12 and N.H. RSA 172:8-A and the Health Insurance Portability and Accountability Act (HIPAA): <http://www.hhs.gov/ocr/privacy/>
3. The Contractor shall meet the standards outlined in NH Administrative Rule He-A 300, Certification and Operation of Alcohol and other Drug Disorder Treatment Programs. This administrative rule is currently expired and under revision. The Contractor should plan to meet the requirements as outlined in the expired rule until the revisions are completed. He-A 300 can be viewed on the RFP link to this document <http://www.dhhs.nh.gov/business/rfp/index.htm>.
4. The Contractor shall, upon the direction of the State, provide court-ordered evaluation in their catchment area and a sliding scale fee shall apply and the inability to pay shall not interfere with the completion and submission of the court-ordered evaluation and shall, upon the direction of the State, offer treatment to those individuals pursuant to RSA 172:13.
5. Contractors considering research, including research conducted by student interns, using individuals served by this contract as subjects must adhere to the legal requirements governing human subjects' research. Contractors must inform the DHHS via contact with BDAS prior to initiating any research involving subjects or participants related to this contract. In addition, research conducted on subjects served by this contract may need to be approved by the New Hampshire Department of Health & Human Services Committee for the Protection of Human Subjects (NH DHHS CPHS) see <http://www.dhhs.nh.gov/irb/>

Client Stabilization:

The Contractor will be expected to arrange for medical clearance for all clients receiving treatment services supported by DHHS administered by BDAS to assure that they are not at risk for acute withdrawal from alcohol and certain drugs. The Contractor shall be expected to provide a range of integrated services that include withdrawal management services that follow detoxification guidelines outlined in Treatment Improvement Protocol (TIP) #45, Detoxification and Substance Abuse Treatment and ASAM guidelines.

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Clinical Services:

The Contractor shall provide the following:

- a. A minimum of one (1) substance abuse counselor on site each day of the week during primary treatment hours. The substance abuse counselor shall have a bachelor's degree or equivalent in social work/psychology, guidance or nursing and/or a certificate in the field of addiction studies from an approved educational institution or educational/life experience.
- b. A minimum of one (1) substance abuse support staff on site each day of the week during all hours not covered by a substance abuse counselor. The substance abuse support staff must have a high school or General Equivalency Diploma (GED). Preference is given to individuals who have completed additional courses or taken training in substance use disorders or other health fields.
- c. An intake/admission coordinator on site Monday through Friday of each week. The intake/admission coordinator shall have one (1) years' work experience in the field of addiction studies.
- d. A full-time Executive Director, not filling any of the positions described above.

Evaluation:

The contractor shall conduct a full substance abuse evaluation, which includes administration of either the ASI or GAIN to determine eligibility for services. This evaluation must be updated every 120 days or when the client transitions to a different level of care.

Assessment of Risk for Self-Harm/Suicide: The Contractor shall have policies and practices for assessing risk of self-harm at all phases of treatment, such as at initial contact, during screening, intake, admission, on-going treatment services and at discharge, and a process for referral when necessary to include referrals to mental health services.

The Contractor shall develop policies, programs and protocols in accordance with SAMHSA guidelines as outlined in the Treatment Improvement Protocols (TIPs) and Technical Assistance Publications (TAPs). These publications can be downloaded from <http://www.kap.samhsa.gov/products/manuals/index.htm>.

Use of Best Practices: The Contractor is required to use the Addiction Severity Index (ASI) or Global Appraisal of Individual Needs (GAIN) assessment tools, the SAMHSA/NIDA MATRS treatment-planning model and the WITS electronic case management system.

Care Coordination:

The Contractor is required to assess each client's need/appropriateness for residential transitional living services and to refer all clients for care coordination services made available through the Access to Recovery (ATR) initiative administered by the BDAS so long as this initiative remains available on behalf of DHHS that would commence following the initial course of treatment. Contractors are required to address motivational issues with clients for them to participate effectively in the care coordination and recovery support services. Contractors are required to have clients sign the "ATR Client Participation Agreement" (made available by BDAS), indicating that they either agree or opt out of participating in these services. The contractor will facilitate all clients who agree to participate in these services to complete the Client Participation Agreement and upon obtaining a signed release of information, refer clients to an ATR Care Coordinator Program at least two weeks prior to anticipated date of discharge (dis-enrollment) from services. Assessing the need for aftercare services is expected to take place while

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the client is involved within the most recent episode of care, with a referral being made and accepted by the care coordination service prior to the client being discharged.

The Contractor must provide the following for use by the care coordination program:

- Private space for interviewing/meeting with clients.
- Access to internet (either wired or wireless) in the meeting space
- Telephone in the meeting space and
- A contact person at the Contractor's site for logistics.

It is the expectation of the BDAS at DHHS that, upon completion of appropriate signed releases, the Contractor will provide the care coordination program with necessary information from the clinical record (evaluation, treatment plan, progress notes, etc.) for the care coordination program to develop a service plan with the client.

All alcohol and other drug treatment providers under contract with the BDAS on behalf of DHHS are required to address with all clients, the need for continuing services. This includes clinically managed low-intensity treatment programs under contract with the BDAS on behalf of DHHS as well as care coordination and recovery support services made available through DHHS contracted providers; the ATR initiative administered by BDAS, so long as this initiative remains available; and/or any other resources that become available to pay for these services that would commence following the initial course of treatment. The referral for these services should take place prior to discharge from the initial course of treatment.

Relevant Policies and Guidelines:

The services provided for in this agreement shall be in addition to the services provided for in any other agreement between the State of New Hampshire, any of its agencies, or any of its officers, and the Contractor.

Without limiting the generality of any other provisions of this agreement, the Contractor shall cooperate fully with, and answer all questions of representatives of the State conducting any periodic or special review of the performance of the Contractor or any inspection of the facilities of the Contractor.

Publications Funded Under Contract:

All products produced under this contract are in the public domain. All products (written, video, audio) produced, reproduced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution, or use. The Contract shall credit DHHS on all materials produced under this contract.

Student Internships:

The Contractor shall establish policies and procedures related to student interns that address minimum coursework, experience and core competencies for those interns having direct contact with individuals served by this contract. Student interns shall complete an approved ethics course prior to beginning the internship.

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Staff Licensing Requirements:

The ratio of licensed to non-licensed service providers shall be as follows:

Agencies must have at least one Licensed, or Masters Licensed, Alcohol and Drug Counselor (LADC/MLADC) for each two unlicensed counselors providing substance abuse treatment services and a sufficient number of MLADCs or LADCs with the Licensed Clinical Supervision (LCS) credential to adequately provide for clinical supervision of all clinical staff. This requirement shall be met by the Contractor no later than six (6) months after the date of the Contract effective date.

Updated resumes, which clearly indicate the staff member is employed by the Contractor, including current positions of staff supported by funds provided through this Contract, shall be forwarded to the BDAS as agent for DHHS. The documentation shall include a copy of the New Hampshire Alcohol and Drug Counselor License.

Staff Certification Requirements:

In addition to the requirements for LADCs, all Contractor milieu staff in residential settings and transitional living programs and staff providing recovery support aftercare group services shall be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification under RSA 330-C (<http://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XXX-330-C.htm>). Certification must be completed within six (6) months of the contract's approval date.

Staff providing recovery support services are expected to be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification. Peer recovery support services made available through Recovery Community Organizations (RCOs), under agreement with BDAS on behalf of DHHS, shall be provided by individuals certified by those organizations (CRSW not required for peer recovery support services).

Supervision:

Ongoing clinical supervision will include weekly discussion of cases with suggestions for resources or therapeutic approaches, co-therapy, and periodic assessment of progress. When enough candidates are under supervision, group supervision may be included to help optimize the learning experience.

The content of supervision must include knowledge, skills, values, and ethics with specific application to the practice issues faced by the supervisee, including the core functions as described in the Twelve Core Functions of Alcohol and Drug Counseling.

The content of supervision must also include the standards of practice and ethical conduct, with particular emphasis given to the counselor's role and appropriate responsibilities, professional boundaries, and power dynamics.

Staffing Changes:

BDAS as agent for DHHS shall be notified of changes in key personnel with updated resumes that clearly indicate the staff member is employed by the Contractor submitted within five (5) working days. Key personnel are those staff for whom at least 10% of their work time is spent providing alcohol or other drug abuse treatment services.

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1. New Hires: The Contractor shall notify BDAS on behalf of DHHS in writing within one month of hire when a new administrator or coordinator or any staff person essential to carrying out this scope of services is hired to work in the program. A resume of the employee, which clearly indicates the staff member is employed by the Contractor, shall accompany this notification.

2. Vacancies: The Contractor shall notify BDAS on behalf of DHHS in writing within 14 calendar days, if at any time, any site funded under this agreement does not have adequate staffing to perform all required services for more than one month.

Other Requirements:

The Contractor shall attend trainings and/or meetings as requested by DHHS.

ATR and Recovery Support Services:

All DHHS funded treatment and recovery support service providers must also be approved Access to Recovery (ATR) providers, so long as the ATR initiative remains available, as this will be the source of funding for these recovery support services through the Voucher Management System (VMS). Information on becoming an ATR provider can be found on the DHHS website: <http://www.dhhs.nh.gov/dcbcs/bdas/atr/becomingprovider.htm>

Regional Network Participation:

The Contractor will designate administrative level staff to regularly participate in the Regional Network and contribute to overall regional network strategic planning, monitoring, evaluation, and cross systems communication efforts. The Contractor is highly encouraged to serve on one of the work groups and contribute to data collection, regional strategic planning and evaluation. Participation will be measured by the annual Partner Survey (<http://www.partnertool.net/>) administered by NH Center for Excellence under contract with BDAS as agent for DHHS.

Performance Measures:

All treatment programs under contract with BDAS on behalf of DHHS are required to report on the National Outcome Measures (NOMs) established by the SAMHSA, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the WITS (electronic case management) system. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions.

Data and Reporting Requirements:

1. Without limiting the generality of any other provisions of this agreement, the Contractor shall provide any periodic or special reports required by the DHHS.
2. The Contractor shall notify BDAS, as an authorized agent of DHHS, whenever the Contractor has reached ninety percent capacity to admit new clients. In addition the Contractor shall have a waiting list management policy in accordance with the SAPT Block Grant requirements. This 90% notification process will become automatic when this operation is fully functional in WITS.
3. The Contractor shall notify DHHS through BDAS, within one working day, if sufficient capacity is not available to provide treatment services to a pregnant woman, parenting woman or injection drug user within the required time frames and a referral elsewhere is not successful and interim services cannot be provided.

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4. The Contractor shall comply with all research and/or information systems development activities for the electronic case management/Web Information Technology System (CM/WITS) conducted by, or authorized by, DHHS.
5. The Contractor shall administer any client surveys, client evaluations including the addiction Severity Index (ASI) or the Global Appraisal of Individual Needs (GAIN), client treatment outcome instruments, the M.A.T.R.S. Treatment Planning Tool, as required by DHHS.
6. The Contractor must have the ability to communicate and submit required reports via the Web-based submission system and/or e-mail, for treatment s and recovery support services and interim services. All required clinical and documentation activities shall be entered in WITS unless specifically granted an exception by BDAS on behalf of DHHS.

Critical Incident/Sentinel Event Reporting:

The Department's Sentinel Event policy is contained in the following link:
<http://www.dhhs.nh.gov/dcbcs/sentinel.htm>

Division of Community Based Care Services (DCBCS) Sentinel Event Notification:

The preceding events require the immediate verbal notification to the BDAS Assistant Administrator or Clinical Services Unit Administrator upon the discovery of a sentinel event involving an individual(s) receiving services through a DHHS substance use disorder treatment Contractor.

Since the initial and immediate verbal notification of a sentinel event is likely to include protected health information (PHI) as identified below, the Contractor of services to individuals receiving services funded by the DHHS shall disclose PHI in a private and secure manner. Contractors and vendors should not leave voice-mail messages, but instead make direct telephone contact with the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee. If direct telephone contact is not possible, a voice mail message may be left without protected health information, such as medications and relevant medical and psychiatric diagnoses. As soon as possible after the initial verbal notification, the Contractor will mail or fax a completed *Sentinel Event Reporting Form* as directed in this protocol.

Notification shall include the following:

1. Name and phone number of the individual reporting.
2. Name, date of birth (DOB), medications and all relevant medical and psychiatric diagnoses of individual(s) involved;
3. Location, date, and time of event;
4. Description of the event including what, when, where, how, and other relevant information and identification of any other individuals involved;
5. Legal status of the individual involved with regard to guardianship and power of attorney;
6. Community, guardian, family and/or families' knowledge of the event; and
7. Contractor contact person and contact information.

It shall be the responsibility of the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee to notify the DCBCS Quality Improvement Director by e-mail as soon as the BDAS Clinical Administrator or designee becomes aware a Sentinel Event has occurred. The DCBCS Quality Improvement Director shall make immediate notification to the Commissioner. Internal e-mails within the Department may contain PHI and all Department employees will utilize safeguards to ensure the privacy

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of the PHI as stated in the DHHS General Manual Health Insurance Portability and Accountability Act (HIPAA) policy #504.

Each DCBCS contractor recognizes its responsibility to report evidence of neglect, abuse or exploitation to the appropriate regulatory agencies as required by RSA 161-F: 42-57 and RSA 169-C:29. In any case of known or suspected neglect, abuse or exploitation, the Contractor aware of the situation shall follow all applicable rules relative to individual rights protection procedures.

Written follow up information is to be forwarded by the reporting Contractor to the appropriate BDAS Administrator listed below within 72 hours by completing the *Sentinel Event Reporting Form*. To protect clients' confidential information, reporting Contractors should submit the *Sentinel Event Reporting Form* either by fax to the BDAS Assistant Administrator or the BDAS Clinical Services Unit Administrator by a mail service that provides delivery confirmation.

Bureau of Drug and Alcohol Services
Assistant Administrator
105 Pleasant Street
Concord, NH 03301
Or by fax to the BDAS Administrator's Office at 271-6105;

Follow-up information is the responsibility of the Contractor and should be submitted in a way as to protect clients' confidential information such as by mail with delivery confirmation and should include:

1. The *Sentinel Event Reporting Form*(www.dhhs.nh.gov/dcbcs/documents/sentinelform.pdf);
2. Additional details as they are learned or if the status of the situation changes; and,
3. Copies of newspaper articles.

Additionally, DHHS requires critical incident reporting. The Contractor shall report all critical incidents/sentinel events to the BDAS Clinical Services Unit Administrator immediately via telephone. Every effort shall be made to reach the BDAS administrator directly. If a voice message is necessary, sufficient provider contact information shall be provided so that DHHS is able to reach the reporter, or other responsible staff, immediately.

A critical incident includes, but is not limited to, any child or adult protective services report to the Division of Children, Youth and Families (DCYF), or the Bureau of Elderly and Adult Services (BEAS), respectively, regarding any incident involving 1) a staff/employee to youth or client, 2) youth to youth, or 3) client to client. This includes incidents that occur while a client is on leave, or on a pass, from the Contractor and may be off site at the time the incident occurred.

A sentinel event is an unexpected occurrence involving the death or serious physical or psychological injury, or risk thereof, signaling the need for immediate investigation and response.

Death or any serious injury or medical emergency regarding staff or clients that requires emergency medical attention (EMT or other emergency personnel at the Contractor's site, or a hospital emergency room visit), or any crime reportable to law enforcement, or any other serious incident must also be reported to DHHS as described below.

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Reportable sentinel events include, but are not limited to, any occurrence that meets any of the following criteria:

1. An unanticipated death or permanent loss of function, not related to the natural course of an individual's illness or underlying condition.
2. Homicide or suicide of any individual receiving DHHS funded care, treatment or services, that had been discharged from a Department funded program or facility within 30 days of the event, or has been evaluated by a service Contractor within the preceding 30 days;
3. Sexual assault or rape of any individual receiving DHHS funded care, treatment or services by another client or employee of any Department funded program or facility where there is an act that was witnessed or there is sufficient clinical evidence obtained by the Contractor to support allegation of nonconsensual sexual contact.
4. Unauthorized departure of an individual receiving DHHS funded services, from a facility providing care, resulting in death or permanent loss of function.
5. Medication error that results in death, paralysis, coma, or other permanent loss of function.
6. Delay or failure to provide DHHS funded Contractor services that result in death or permanent loss of function.
7. Abuse as a result of the willful infliction of injury, unreasonable confinement, intimidation, or punishment with resulting physical harm, or mental anguish. This includes staff neglect or indifference to infliction of injury or intimidation of one individual by another.
8. Neglect as a result of the failure to provide the goods and services necessary to avoid physical harm, mental anguish or mental illness.
9. Assault of or by a client of the Contractor that results in the injury of the person or another person of such severity that medical attention is required.
10. Arson resulting in property loss.
11. High profile events, which may include media coverage and/or police involvement.

On-Site Reviews:

1. The Contractor shall allow a team or person authorized by DHHS to periodically review the Contractor's systems of governance, administration, data collection and submission, clinical, and financial management in order to assure systems are adequate to provide the contracted services.
2. Reviews shall include, but not be limited to, client record reviews to measure compliance with this exhibit.
3. The Contractor shall make corrective actions as advised by the review team if contracted services are not found to be provided in accordance with this exhibit.
4. DHHS staff shall contact the Contractor in advance of the site visit, so that the Contractor shall have sufficient time to prepare any guidance/reporting systems or logs that will be reviewed at the site visit.

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Exhibit B Amendment #2

Method and Conditions Precedent to Payment

The State shall pay the Contractor an amount not to exceed the Price Limitation, block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services, and in accordance with Exhibit B.

Effective July 1, 2014 through June 30, 2015, funds in the amount \$424,813 for Specialty Residential Treatment for Pregnant & Parenting Women shall be used to cover cost of services not covered by Medicaid. Contractors providing Specialty Residential Treatment for Pregnant & Parenting Women may bill DHHS for "Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Room & Board Only" when a client's treatment is being covered by Medicaid/New Hampshire Health Protection Program. If the client requires treatment in the specialty program beyond Medicaid/New Hampshire Health Protection Program coverage limits, the provider may bill DHHS for both "Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Room & Board Only" and "Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Clinical Services".

Funding for this Agreement is funded by various sources as a percentage of the total amount of \$1,356,945 as follows:

- 61 % Federal Funds from the Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant (CFDA #93.959);
- 16 % General Governor's Commission on Alcohol and Drug Abuse Prevention, Intervention and Treatment Funds; and
- 23 % General funds.

I. Payment Methodology

The Contractor shall be reimbursed for providing and delivering the services listed in Exhibit A, paragraph B. The following terms and conditions detailed in this Exhibit B shall apply to all services unless expressly stated otherwise.

The Contractor shall agree to use and apply all contract funds from the State for costs and expenses as detailed in the Service Reimbursement Table below. Allowable costs and expenses shall be determined by the State in accordance with applicable state and federal laws and regulations. Starting in State Fiscal Year 2015 (effective July 1, 2014) the contractor will receive a payment for each service at the rates and within the limits described below. For clients receiving DHHS supported services, the contractor may not charge the client, any 3rd party payor, and DHHS a combined rate that is more than the rate established by BDAS for that level of service or any other fees. These parties shall be charged in the following order:

1. The maximum allowed charge will be billed to the client's insurer, if applicable.
2. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
3. The balance of the maximum allowed charge, after deducting the client's portion and insurance payment, if applicable, shall be charged to DHHS.

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Service Reimbursement Table - A check mark indicates the services and corresponding rates the Contractor will be reimbursed for.

Check mark indicates applicable service	Service	DHHS Established Rate	Service Limit
X	Evaluation	\$225	1 every 90 days
X	Outpatient – Individual	\$18.75/unit***	\$190 of combined individual & group/week
X	Outpatient – Group	\$5.00/unit	
X	Intensive Outpatient*	\$80.00/day	\$320 (4 days)/week
X	Low-Intensity Residential – Adult	\$100.00/day	\$700 (7 days) /week
X	Low-Intensity Residential – Adolescent	\$128.00/day	\$896 (7 days) /week
X	High-Intensity Residential – Adult	\$130.00/day	\$910 (7 days) /week
X	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Room & Board Only	\$66.00/day	\$462 (7 days) /week
X	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Clinical Services	\$162.60/day	\$1138.20 (7 days) /week
X	Medium Intensity Residential – Adolescent	\$170.00/day	\$1190 (7 days) /week
	Recovery Support Services		
X	Individual	\$15.00/unit	\$160 of combined individual & group/week
X	Group	\$5.00/unit	
X	Continuous Recovery Monitoring – Attempted**	\$15.00/contact	\$60 of combined attempted and completed/month for the first 6 months post discharge
X	Continuous Recovery Monitoring – Completed	\$15.00/contact	
	Enhanced Services	Varied	

* Providers may bill the per diem rate for Intensive Outpatient Treatment services only on those days when the client attends individual and/or group counseling associated with the program. It is expected that each day of attendance includes a minimum of 3 hours of group and/or individual counseling services.

**Attempted Contact is at least 3 attempts to contact a client over the course of at least one week.

*** A unit is equal to 15 minutes of service



Exhibit B Amendment #2

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. Failure to meet this requirement may result in amendment to or termination of the contract. At a minimum, contractors must provide the array of services they contracted to provide for in SFY14.

1. Performance Incentives:

A. Access to Services:

Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received and shall conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact. For each client who screens eligible for services and starts receiving services, whether for the identified level of care or interim services, within 10 business days following the eligibility screening, the treatment contractor will receive an incentive payment of \$75.00. Access incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

B. Completion:

For each client who is discharged from the program because they have completed treatment or transferred to another treatment provider as recorded in the Discharge Type field of the WITS Discharge Module, the treatment contractor will receive an incentive payment of \$75.00. Completion incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

C. Client Outcomes:

If a client who was discharged from the program meets at least 3 of the Outcome criteria below in the 3rd and/or 6th month post-discharge, as evidenced by the WITS Follow-Up module, the treatment contractor will receive an incentive payment in the amount of \$50. The 3rd month post discharge is considered to be 60 – 120 days post discharge. The 6th month post discharge is considered to be 150 – 210 days post discharge. Outcomes incentives will be calculated and paid on a monthly basis for clients meeting criteria in the previous calendar month. It is expected that at least 50% of discharged clients will be contacted for 3 and/or 6 month follow-up over the contract year.

- i. Abstinence: The client reports reduced or no substance use in the past 30 days.
- ii. Employment/Education: The client reports increased or retained employment or the client reports returning to or staying in school.
- iii. Crime and Criminal Justice: The client reports no arrests in the past 30 days.
- iv. Stability in Housing: The client reports being in stable housing.
- v. Social Connectedness: The client reports engagement in Recovery Support Services, Care Coordination, and/or Community Based Support Groups in the past 30 days.

D. Performance Incentive Payout Limits:

Performance incentives are limited to no more than 6% of the total contract amount annually. The total amount paid out during the contract year will never exceed the total contract amount. DHHS is not obligated to make payment for any incentives that occur outside of the current contract year; however, incentives may be carried over to future contract years at the discretion of DHHS.



Exhibit B Amendment #2

2. Failure to Meet Deliverables:

The Contractor shall comply with all contract requirements as detailed in Exhibit A section B, Required Services. Upon determination that Contractor may not be meeting the required deliverables, within two (2) weeks BDAS will provide a written correction action plan. Within two (2) weeks of notification of the corrective action plan, Contractor will provide a written remedial plan. BDAS will monitor the corrective actions for 60 days. Failure to meet requirements of the corrective action plan within 60 days may result in withholding of any or all payments or termination of the contract.

3. Invoicing & Billing:

All billing shall be completed via the WITS system according to protocols established by BDAS.

The Contractor shall have written authorization from the State prior to using contract funds to purchase or lease any equipment with a cost in excess of two thousand five hundred dollars (\$2500) and with a useful life beyond one year.

II. Allocation of Funding:

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. The contractor is prohibited from spending down more than the sum of the total contract amount that includes the cost of the client services and related incentives.

III. Availability of Alternative Funding:

The New Hampshire Department of Health and Human Services may terminate or amend the contract should alternate third party payors, including Medicaid, the New Hampshire Health Protection Program and/or insurance available on the New Hampshire Insurance Exchange cover any of the services included in this contract.

IV. Limitations and restrictions of federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds:

The Contractor agrees to use the SAPT funds as the payment of last resort.

Restrictions on SAPT Block Grant on State and Contractor expenditures include:
The State may not:

- Provide inpatient hospital services except under those conditions outlined in the regulations.
- Make cash payments to intended recipients of substance abuse services.
- Purchase or improve land.
- Purchase, construct, or permanently improve buildings or other facilities.
- Purchase major medical equipment.
- Satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds. (in-kind)
- Provide financial assistance to any entity other than a public or non-profit private entity.
- Provide individuals with hypodermic needles or syringes.



Exhibit B Amendment #2

- Expend more than the amount of Block Grant funds expended in FFY91 for treatment services provided in penal or correctional institutions of the State.

The Contractor shall not:

- Use any federal funds provided under this contract for the purpose of conducting testing for the etiologic agent for Human Immunodeficiency Virus (HIV) unless such testing is accompanied by appropriate pre and post-test counseling.
- Use any federal funds provided under this contract for the purpose of conducting any form of needle exchange, free needle programs or the distribution of bleach for the cleaning of needles for intravenous drug abusers.

V. Charitable Choice:

Federal Charitable Choice statutory provisions ensure that religious organizations are able to equally compete for Federal substance abuse funding administered by SAMHSA, without impairing the religious character of such organizations and without diminishing the religious freedom of SAMHSA beneficiaries (see 42 USC 300x-65 and 42 CFR Part 54 and Part 54a, 45 CFR Part 96, Charitable Choice Provisions and Regulations). Charitable Choice statutory provisions of the Public Health Service Act enacted by Congress in 2000 are applicable to the SAPT Block Grant program. No funds provided directly from SAMHSA or the relevant State or local government to organizations participating in applicable programs may be expended for inherently religious activities, such as worship, religious instruction, or proselytization. If an organization conducts such activities, it must offer them separately, in time or location, from the programs or services for which it receives funds directly from SAMHSA or the relevant State or local government under any applicable program, and participation must be voluntary for the program beneficiaries.

- VI.** Notwithstanding paragraph 18 of the General Provisions of this Agreement P-37, an amendment limited to adjusting amounts within the budgets and within the price limitation, can be made by written agreement of both parties and may be made without obtaining approval of Governor and Executive Council.

The remainder of this page is intentionally left blank.

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 GREATER NASHUA COUNCIL ON ALCOHOLISM is a New Hampshire nonprofit corporation formed December 16, 1983. 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 7th day of April A.D. 2014

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

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

I, Laurie Goguen, do hereby certify that:
(Name of the elected Officer of the Agency; cannot be contract signatory)

1. I am a duly elected Officer of Greater Nashua Council on Alcoholism
(Agency Name)

2. The following is a true copy of the resolution duly adopted at a meeting of the Board of Directors of the Agency duly held on 4/28/14:
(Date)

RESOLVED: That the President & CEO
(Title of Contract Signatory)

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

3. The forgoing resolutions have not been amended or revoked, and remain in full force and effect as of the 21st day of May, 2014.
(Date Contract Signed)

4. Peter Kelleher is the duly elected President & CEO
(Name of Contract Signatory) (Title of Contract Signatory)

of the Agency.

Laurie Goguen
(Signature of the Elected Officer)

STATE OF NEW HAMPSHIRE

County of Hillsborough

The forgoing instrument was acknowledged before me this 21st day of May, 2014.

By Laurie Goguen
(Name of Elected Officer of the Agency)

Laurel Lefavor
(Notary Public/Justice of the Peace)

(NOTARY SEAL)

LAUREL A. LEFAVOR, Notary Public
My Commission Expires September 22, 2015

Commission Expires: _____



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

4/29/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER FIAI/Cross Insurance 1100 Elm Street Manchester NH 03101	CONTACT NAME: Tara Dean, CIC PHONE (A/C No. Ex): (603) 669-3218 FAX (A/C No.): (603) 645-4331 E-MAIL ADDRESS: tdean@crossagency.com																					
INSURED Greater Nashua Council on Alcoholism DBA: Keystone Hall 45 High Street Nashua NH 03060	<table border="1"><tr><th colspan="2">INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr><tr><td>INSURER A:</td><td>Citizens Ins Co of America</td><td>31534</td></tr><tr><td>INSURER B:</td><td>Hanover Ins Co.</td><td></td></tr><tr><td>INSURER C:</td><td>Philadelphia Indemnity Ins Co</td><td>18058</td></tr><tr><td>INSURER D:</td><td></td><td></td></tr><tr><td>INSURER E:</td><td></td><td></td></tr><tr><td>INSURER F:</td><td></td><td></td></tr></table>	INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A:	Citizens Ins Co of America	31534	INSURER B:	Hanover Ins Co.		INSURER C:	Philadelphia Indemnity Ins Co	18058	INSURER D:			INSURER E:			INSURER F:		
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INSURER E:																						
INSURER F:																						

COVERAGES

CERTIFICATE NUMBER: 13-14 GL, BA, PL & Umb

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS		
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR		ZBV970714701	7/1/2013	7/1/2014	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGG \$ 3,000,000		
	GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PROJECT ☐ LOC							
	B	AUTOMOBILE LIABILITY ☐ ANY AUTO ALL OWNED AUTOS ☒ HIRED AUTOS ☒ SCHEDULED AUTOS ☒ NON-OWNED AUTOS		AHV9706003	7/1/2013	7/1/2014	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ Uninsured motorist combined \$ 1,000,000	
		B	☒ UMBRELLA LIAB ☒ OCCUR ☐ EXCESS LIAB ☐ CLAIMS-MADE		UHV970913301	7/1/2013	7/1/2014	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000
			DED \$ RETENTION \$					
			WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☐ Y/N N/A (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below					
		C	Professional Liability		PHSD856610	7/1/2013	7/1/2014	Per Claim \$1,000,000 Aggregate \$3,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Refer to policy for exclusionary endorsements and special provisions.

CERTIFICATE HOLDER**CANCELLATION**

DHHS 129 Pleasant Street Concord, NH 03301	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE Tara Dean, CIC/JSC

Client#: 496014

HARBOHOM

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

2/06/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER USI Insurance Services LLC PO Box 6360 Manchester, NH 03108-6360 603 625-1100	CONTACT NAME: PHONE (A/C, No, Ext): 603 625-1100 FAX (A/C, No): E-MAIL ADDRESS: <table border="1"> <tr> <th data-bbox="826 451 1420 472">INSURER(S) AFFORDING COVERAGE</th> <th data-bbox="1420 451 1562 472">NAIC #</th> </tr> <tr> <td data-bbox="826 472 1420 504">INSURER A : QBE Insurance Corporation</td> <td data-bbox="1420 472 1562 504">39217</td> </tr> <tr> <td data-bbox="826 504 1420 535">INSURER B :</td> <td data-bbox="1420 504 1562 535"></td> </tr> <tr> <td data-bbox="826 535 1420 567">INSURER C :</td> <td data-bbox="1420 535 1562 567"></td> </tr> <tr> <td data-bbox="826 567 1420 598">INSURER D :</td> <td data-bbox="1420 567 1562 598"></td> </tr> <tr> <td data-bbox="826 598 1420 630">INSURER E :</td> <td data-bbox="1420 598 1562 630"></td> </tr> <tr> <td data-bbox="826 630 1420 653">INSURER F :</td> <td data-bbox="1420 630 1562 653"></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : QBE Insurance Corporation	39217	INSURER B :		INSURER C :		INSURER D :		INSURER E :		INSURER F :	
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INSURER C :															
INSURER D :															
INSURER E :															
INSURER F :															
INSURED Greater Nashua Council on Alcoholism dba Keystone Hall 45 High Street Nashua, NH 03064															

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS								
	GENERAL LIABILITY ☐ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☐ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PRO-JECT ☐ LOC						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$								
	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☐ HIRED AUTOS ☐ SCHEDULED AUTOS ☐ NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$								
	UMBRELLA LIAB ☐ EXCESS LIAB ☐ DED ☐ RETENTION \$						OCCUR CLAIMS-MADE \$ \$								
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☒ N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	QWC3000056	11/26/2013	11/26/2014	<table border="1"> <tr> <td>WC STATU-TORY LIMITS</td> <td>OTH-ER</td> </tr> <tr> <td>E.L. EACH ACCIDENT</td> <td>\$500,000</td> </tr> <tr> <td>E.L. DISEASE - EA EMPLOYEE</td> <td>\$500,000</td> </tr> <tr> <td>E.L. DISEASE - POLICY LIMIT</td> <td>\$500,000</td> </tr> </table>	WC STATU-TORY LIMITS	OTH-ER	E.L. EACH ACCIDENT	\$500,000	E.L. DISEASE - EA EMPLOYEE	\$500,000	E.L. DISEASE - POLICY LIMIT	\$500,000
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E.L. EACH ACCIDENT	\$500,000														
E.L. DISEASE - EA EMPLOYEE	\$500,000														
E.L. DISEASE - POLICY LIMIT	\$500,000														

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

**** Supplemental Name ****

Harbor Homes II, Inc.
 Harbor Homes III, Inc.
 Welcoming Light, Inc.
 Healthy At Home, Inc.
 (See Attached Descriptions)

CERTIFICATE HOLDER

CANCELLATION

Department of Health and Human Services Attn: Eric Borrin 129 Pleasant Street Concord, NH 03301	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 

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DESCRIPTIONS (Continued from Page 1)

Milford Regional Counseling Service, Inc.
Greater Nashua Council on Alcoholism dba Keystone Hall
Southern NH HIV/AIDS Task Force
HH Ownership, Inc.

This Certificate covers all operations usual and customary to the insured's business.

**GREATER NASHUA
COUNCIL ON ALCOHOLISM**

Financial Statements

For the Year Ended June 30, 2013

(With Independent Auditors' Report Thereon)

TABLE OF CONTENTS

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MELANSON HEATH & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Greater Nashua Council on Alcoholism

Report on the Financial Statements

We have audited the accompanying financial statements of Greater Nashua Council on Alcoholism, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Greater Nashua Council on Alcoholism, Inc. as of June 30, 2013, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2013 on our consideration of the Greater Nashua Council on Alcoholism's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial

reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greater Nashua Council on Alcoholism's internal control over financial reporting and compliance.

Melanson, Heath + Company P.C.

Nashua, New Hampshire
December 9, 2013

GREATER NASHUA COUNCIL ON ALCOHOLISM

Statement of Financial Position

June 30, 2013

ASSETS

Current Assets:

Cash and cash equivalents	\$ 88,709
Accounts receivable, net of allowance	207,453
Other current assets	6,362
Total Current Assets	<u>302,524</u>

Property and equipment, net of accumulated depreciation	6,206,150
Reserve for replacements	<u>25,120</u>

Total Assets	<u>\$ 6,533,794</u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 21,759
Accrued expenses and other liabilities	105,592
Due to related organizations	132,707
Current portion of mortgages payable	147,060
Total Current Liabilities	<u>407,118</u>

Long Term Liabilities:

Mortgages payable, long-term	3,872,111
Mortgages payable, deferred	1,885,000
Total Long Term Liabilities	<u>5,757,111</u>

Total Liabilities	6,164,229

Unrestricted Net Assets	<u>369,565</u>

Total Liabilities and Net Assets	<u>\$ 6,533,794</u>

The accompanying notes are an integral part of these financial statements.

GREATER NASHUA COUNCIL ON ALCOHOLISM

Statement of Activities

For the Year Ended June 30, 2013

Support and Revenue:	
Client billings, net of allowances and write-offs	\$ 68,734
Contracted services	21,400
Donations	20,985
Federal grants	352,072
Interest income	36
Medicaid	1,138
Other grants	4,000
Other income	4,794
Public support	5,000
Rent and service charges	2,170
Special events revenue	184
State and local grants	1,448,696
State of New Hampshire - PPWI	<u>601,285</u>
Total Support and Revenue	2,530,494
Expenses:	
Program services	2,376,614
General and administrative	156,453
Fundraising	<u>38,736</u>
Total Expenses	<u>2,571,803</u>
Change in Net Assets	(41,309)
Unrestricted Net Assets, Beginning of Year	<u>410,874</u>
Unrestricted Net Assets, End of Year	<u>\$ 369,565</u>

The accompanying notes are an integral part of these financial statements.

GREATER NASHUA COUNCIL ON ALCOHOLISM

Statement of Functional Expenses

For the Year Ended June 30, 2013

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 2,939	\$ 223	\$ -	\$ 3,162
Accounting fees	4,226	5,449	-	9,675
Client services	99,428	661	-	100,089
Client transportation	10,935	-	-	10,935
Conferences and conventions	816	284	-	1,100
Contract services	151,823	15,816	-	167,639
Depreciation	194,463	4,886	-	199,349
Employee benefits	155,598	6,075	2,366	164,039
Equipment maintenance and rental	6,118	94	-	6,212
Food	92,565	426	-	92,991
Garbage and trash removal	2,068	50	-	2,118
Grant expenses	1,597	40	-	1,637
Information technology	-	527	-	527
Insurance	61,040	2,967	567	64,574
Legal fees	-	300	-	300
Membership dues	178	529	-	707
Miscellaneous	6,525	7,104	-	13,629
Office supplies	9,395	2,319	-	11,714
Operating and maintenance	305,458	8,601	8,225	322,284
Operational supplies	30,579	235	-	30,814
Payroll taxes	105,256	8,724	2,523	116,503
Postage	1,903	1,158	-	3,061
Professional fees	2,864	-	-	2,864
Salaries and wages	1,013,386	85,062	25,055	1,123,503
Snow removal	5,059	122	-	5,181
Staff development	7,713	-	-	7,713
Staff expenses	308	274	-	582
Staff travel	8,572	1,960	-	10,532
Telephone	4,397	1,023	-	5,420
Utilities	70,576	1,489	-	72,065
Vehicle expenses	20,829	55	-	20,884
Total functional expenses	<u>\$ 2,376,614</u>	<u>\$ 156,453</u>	<u>\$ 38,736</u>	<u>\$ 2,571,803</u>

The accompanying notes are an integral part of these financial statements.

GREATER NASHUA COUNCIL ON ALCOHOLISM

Statement of Cash Flows

For the Year Ended June 30, 2013

Cash Flows From Operating Activities:	
Change in net assets	\$ (41,309)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	199,349
(Increase) Decrease In:	
Accounts receivable	272,091
Promises to give	25,000
Other current assets	(6,362)
Increase (Decrease) In:	
Accounts payable	(29,716)
Accrued expenses and other liabilities	<u>(17,418)</u>
Net Cash Provided By Operating Activities	401,635
Cash Flow From Investing Activities:	
Purchase of fixed assets	(20,629)
Increase in reserve for replacements	<u>(12)</u>
Net Cash Used By Investing Activities	(20,641)
Cash Flows From Financing Activities:	
Decrease in due to related organizations	(191,294)
Principal payments on long term debt	<u>(142,360)</u>
Net Cash Used By Financing Activities	<u>(333,654)</u>
Net Increase	47,340
Cash and Cash Equivalents, Beginning of Year	<u>41,369</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 88,709</u></u>

The accompanying notes are an integral part of these financial statements.

GREATER NASHUA COUNCIL ON ALCOHOLISM

Notes to the Financial Statements

1. Organization:

Greater Nashua Council on Alcoholism (the Organization) is a nonprofit organization providing recovery support services which are evidence-based, gender-specific, and culturally competent. The programs include residential, transitional housing, outpatient, intensive outpatient, family-based substance abuse services, pregnant and parenting women and children and offender re-entry services initiative.

2. Summary of Significant Accounting Policies:

The following is a summary of significant accounting policies of the Organization used in preparing and presenting the accompanying financial statements.

Accounting for Contributions and Financial Statement Presentation

The Organization follows *Accounting for Contributions Received and Contributions Made* and *Financial Statements of Not-for-Profit Organizations* as required by the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). Under these guidelines, the Organization is required to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services, meeting certain criteria at fair values. These reporting standards establish standards for financial statements of not-for-profit organizations and require a Statement of Financial Position, a Statement of Activities, a Statement of Cash Flows, and Statement of Functional Expenses.

Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting. Under this basis, revenues, other than contributions, and expenses are reported when incurred, without regard to the date of receipt or payment of cash. Contributions are reported in accordance with FASB ASC *Accounting for Contributions Received and Contributions Made*.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

The adequacy of the allowance for doubtful accounts for receivables is reviewed on an ongoing basis by the Organization's management and adjusted as required through the provision for doubtful accounts (bad debt expense). In determining the amount required in the allowance account for the year ended June 30, 2013, management has taken into account a variety of factors.

Property, Equipment and Depreciation

Property and equipment is recorded at cost or, if donated, at estimated fair market value at the date of donation. Major additions and improvements are capitalized, while ordinary maintenance and repairs are charged to expense. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Assets not in service are not depreciated.

Functional Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Services

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in its programs. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under generally accepted accounting principles have not been satisfied.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual amounts could differ from those estimates.

Tax Status

Greater Nashua Council on Alcoholism is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions.

The Organization follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes and prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. FASB ASC 740-10 did not have a material impact on the Organization's financial statements.

The Organization's Federal Form 990 (Return of Organization Exempt From Income Tax) for fiscal years 2010, 2011, and 2012 are subject to examination by the IRS, generally for three years after they were filed.

The Organization recognizes interest related to unrecognized tax benefits in interest expense and penalties that are included within reported expenses. During the year ended June 30, 2013, the Organization had no interest or penalties accrued related to unrecognized tax benefits.

Subsequent Events

In accordance with the provisions set forth by FASB ASC, *Subsequent Events*, events and transactions from July 1, 2013 through December 9, 2013, the date the financial statements were available to be issued, have been evaluated by management for disclosure. Management has determined that there were no material events that would require disclosure in the Organization's financial statements through this date.

3. Concentration of Credit Risk - Cash and Cash Equivalents:

The carrying amount of the Organization's deposits with financial institutions was \$113,829 at June 30, 2013. The difference between the carrying amount and the bank balance represents reconciling items such as deposits in transit and outstanding checks, which have not been processed by the bank at June 30, 2013. The bank balance is categorized as follows:

Insured by FDIC	\$ 153,103
Total Bank Balance	<u>\$ 153,103</u>

4. Accounts Receivable:

Accounts receivable at June 30, 2013 consist mainly of amounts due from clients for services and miscellaneous charges.

5. Property, Equipment and Depreciation:

A summary of the major components of property and equipment is presented below:

Land	\$ 742,500
Land improvements	1,743
Building	5,646,560
Building improvements	18,887
Furniture and fixtures	34,511
Equipment	11,276
Vehicles	<u>22,297</u>
Subtotal	6,477,774
Less: accumulated depreciation	<u>(271,624)</u>
Total	<u>\$ 6,206,150</u>

Depreciation expense for the year ended June 30, 2013 totaled \$199,349.

The estimated useful lives of the depreciable assets are as follows:

<u>Assets</u>	<u>Years</u>
Building	30
Furniture and fixtures	5 - 7
Equipment	5
Vehicles	5

6. Reserve for Replacements:

Reserve for replacements consist of funds required by the New Hampshire Housing Finance Authority and is used for the replacement of property with prior approval.

7. Accrued Expenses and Other Liabilities:

Accrued expenses and other liabilities consist of the following:

Accrued payroll and related liabilities	\$ 94,111
Accrued interest	10,601
Other accruals	<u>880</u>
Total	<u>\$ 105,592</u>

8. Due to/from Related Organizations:

"Due to related organizations" and "Due from related organizations" represents short-term assets and liabilities, respectively, due to related entities whereby common control is shared with the same Board of Directors. The related organizations and their balances at June 30, 2013 are as follows:

	<u>Due from</u>	<u>Due to</u>
Current:		
Harbor Homes, Inc.	\$ -	\$ 35,584
Healthy at Home, Inc.	-	94,929
Southern New Hampshire HIV/AIDS Task Force	-	<u>2,194</u>
Total	<u>\$ -</u>	<u>\$ 132,707</u>

9. Mortgages Payable:

Long-term debt as of June 30, 2013 consisted of the following:

A mortgage payable to a local bank, due in monthly installments of \$10,133, including principal and interest at 5.00% for the first three years, adjusting on each three year anniversary date based on the prevailing three year Federal Home Loan Bank Amortizing Advance Rate plus three and one-quarter percent, maturing in 2042, secured by real property. \$ 1,851,581

A mortgage payable to New Hampshire Community Loan Fund, Inc., due in monthly installments of \$13,850, including principal and interest at 8.00%, maturing in 2032, secured by real property. 1,867,590

A mortgage payable to NCB Capital Impact, due in 60 monthly consecutive installments of accrued and unpaid interest at 5.25%, requiring a principal reduction of \$100,000 per annum, maturing in 2015, secured by real property. 300,000

Total 4,019,171

Less amount due within one year (147,060)

Long term debt, net of current portion \$ 3,872,111

The following is a summary of future payments on the previously mentioned long-term debt.

<u>Year</u>	<u>Amount</u>
2014	\$ 147,060
2015	150,022
2016	153,162
2017	56,553
2018	60,151
Thereafter	<u>3,452,223</u>
Total	<u>\$ 4,019,171</u>

10. Mortgages Payable, Deferred:

The Organization has received special financing to partially fund a new building. These notes are interest free for thirty years with principal payments calculated annually at the discretion of the lender. The balance of these notes at June 30, 2013 was \$1,885,000.

11. Transactions with Related Parties:

The Organization offers counseling services to the clients of related organizations. These services are provided whenever requested.

The Organization receives janitorial and maintenance services performed by clients of Harbor Homes, Inc., a related organization. The Organization also receives payroll services from the related organization.

The Organization is considered a commonly controlled organization with several related entities by way of its common board of directors. However, management feels that the principal prerequisites for preparing combined financial statements are not met, and therefore more meaningful separate statements have been prepared.

12. Retirement Plan:

After one year of continuous service with the Organization, employees may contribute a portion of their wages to a Section 403(b) retirement plan. The Organization matches a percentage of the employee contribution based on years of service. Total matching contributions paid by the Organization for the year ended June 30, 2013 were \$20,927.

13. Operating Leases:

The Organization leases office equipment under non-cancellable lease agreements that are scheduled to expire at various times through 2015. Equipment rental expense totaled \$9,500 for the year ended June 30, 2013. Estimated future minimum lease payments on the above leases are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 9,276
2015	<u>9,276</u>
Total	<u>\$ 18,552</u>

14. **Concentration of Risk:**

A material part of the Organization's revenue is dependent upon support from the State of New Hampshire, the Department of Justice, and Medicaid, the loss of which would have a materially adverse effect on the Organization. During the year ended June 30, 2013, the State of New Hampshire accounted for 55%, the Department of Justice accounted for 11%, and Medicaid accounted for 24% of total revenues.

15. **Fair Value Measurements:**

FASB ASC, *Fair Value Measurements*, provides guidance for using fair value to measure assets and liabilities. *Fair Value Measurements* applies whenever other standards require or permit assets or liabilities to be measured at their fair market value. The standard does not expand the use of fair value in any new circumstances. Under *Fair Value Measurements*, fair value refers to the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. *Fair Value Measurements* clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions.

Under *Fair Value Measurements*, the Organization categorizes its fair value estimates based on a hierarchical framework associated with three levels of price transparency utilized in measuring financial instruments at fair value. Classification is based on the lowest level of input that is significant to the fair value of the instrument. The three levels are as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of financial instruments included in Level 1 are highly liquid instruments with quoted prices;
- Level 2 - Inputs from active markets, other than quoted prices for identical instruments, are used to model fair value. Significant inputs are directly observable from active markets for substantially the full term of the asset or liability being valued; and
- Level 3 - Pricing inputs significant to the valuation are unobservable. Inputs are developed based on the best information available; how-

ever, significant judgment is required by management in developing the inputs.

The estimated fair value of the Organization's financial instruments is presented in the following table:

	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Level One</u>	<u>Level Two</u>	<u>Level Three</u>
Mortgages payable	\$ 4,019,171	\$ 4,019,171	\$ -	\$ 4,019,171	\$ -
Mortgages payable, deferred	<u>1,885,000</u>	<u>1,885,000</u>	<u>-</u>	<u>1,885,000</u>	<u>-</u>
Total liabilities	\$ <u>5,904,171</u>	\$ <u>5,904,171</u>	\$ <u>-</u>	\$ <u>5,904,171</u>	\$ <u>-</u>

The carrying amounts of cash and cash equivalents approximate fair value because of the short maturity of those financial instruments.

GREATER NASHUA COUNCIL ON ALCOHOLISM

Schedule of Program Services Expenses

For the Year Ended June 30, 2013

	28 Day Residential CMMIRI	90 Day Residential CMMIRI	Access To Recovery	Cynthia Day Family Center CMH/IRI	DOJ	HUD Transitional Living	Intensive Outpatient	Outpatient	Project Recovering Lives	Other	Total Program Services
Advertising	\$ 396	\$ 252	\$ 20	\$ 895	\$ 30	\$ 239	\$ 539	\$ 42	\$ 506	\$ 20	\$ 2,939
Accounting fees	985	557	54	1,549	72	445	189	217	102	56	4,226
Client services	5,367	8,445	4,434	73,759	292	2,155	1,847	1,348	1,320	461	99,428
Client transportation	109	465	4,200	2,405	-	2,626	710	420	-	-	10,935
Conferences and conventions	-	660	-	-	116	40	-	-	-	-	816
Contract services	7,457	1,607	263	3,018	131,447	585	4,199	2,954	22	271	151,823
Depreciation	33,661	22,170	1,260	96,629	2,374	31,660	2,543	1,543	1,372	1,251	194,463
Employee benefits	33,767	18,789	1,365	49,750	14,639	6,596	9,893	14,097	6,260	442	155,598
Equipment maintenance and rental	1,666	939	101	1,998	118	447	195	532	18	104	6,118
Food	8,547	25,628	87	51,308	166	6,384	173	98	87	87	92,565
Garbage and trash removal	310	568	11	1,019	20	47	28	28	26	11	2,068
Grant expenses	-	425	-	63	179	-	175	755	-	-	1,597
Insurance	13,000	11,113	287	21,768	4,598	472	1,096	3,382	2,597	2,727	61,040
Membership dues	-	-	-	-	-	-	178	-	-	-	178
Miscellaneous	1,172	(2,228)	31	1,487	32	49	2,104	1,567	2,279	32	6,525
Office supplies	1,680	859	88	2,757	404	620	1,766	1,113	17	91	9,395
Operating and maintenance	39,274	84,144	1,722	151,121	3,004	8,084	6,735	5,344	4,308	1,722	305,458
Operational supplies	6,178	6,477	205	11,767	254	3,475	414	1,543	55	211	30,579
Payroll taxes	22,727	18,051	444	33,519	9,434	2,396	4,161	6,911	7,181	432	105,256
Postage	527	252	35	666	42	166	77	95	7	36	1,903
Professional fees	-	-	-	-	2,814	-	50	-	-	-	2,864
Salaries and wages	218,707	173,950	4,275	322,802	90,789	23,043	40,046	66,511	69,109	4,154	1,013,386
Snow removal	759	1,392	28	2,492	48	115	67	67	63	28	5,059
Staff development	1,879	1,118	148	1,325	1,026	270	393	1,401	-	153	7,713
Staff expenses	308	-	-	-	-	-	-	-	-	-	308
Staff travel	556	378	81	876	5,765	128	213	157	90	328	8,572
Telephone	983	542	70	999	646	156	448	470	11	72	4,397
Utilities	11,095	18,591	439	34,234	732	2,135	1,019	1,059	831	441	70,576
Vehicle expenses	3,672	3,741	47	12,144	56	883	91	130	17	48	20,829
Total program service expenses	\$ 414,782	\$ 396,885	\$ 19,695	\$ 880,350	\$ 269,097	\$ 93,216	\$ 79,349	\$ 111,784	\$ 96,278	\$ 13,178	\$ 2,376,614

See Independent Auditors' Report.



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate
Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

G&C Approved

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

Date

6/5/13

Item #

102A

102A
50.6% Federal
47.4% General

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug and Alcohol Services, to exercise renewal options with vendors by increasing the price limitations by \$7,596,887 in aggregate from \$7,596,890 in aggregate to \$15,193,777 in aggregate for a continuum of substance abuse treatment services state-wide and extending the completion date from June 30, 2013 to June 30, 2014, effective July 1, 2013 or date of Governor and Council approval, whichever is later.

Summary of contracted amounts by vendor:

<u>Vendor</u>	<u>Amount</u>
Child and Family Services of New Hampshire	\$86,803
Concord Hospital, Inc.	\$74,406
Families First of the Greater Seacoast	\$28,922
Families in Transition	\$332,530
Greater Nashua Council on Alcoholism	\$1,356,945
Headrest, Inc.	\$251,450
Horizons Counseling Center, Inc.	\$189,576
Manchester Alcoholism Rehabilitation Center	\$1,120,599
The Mental Health Center of Greater Manchester, Inc.	\$27,114
Monadnock Family Services	\$97,819
Northern Human Services	\$199,025
Phoenix Houses of New England, Inc.	\$1,457,490
National Council on Alcoholism and Drug Dependence of Greater Manchester	\$432,468
Southeastern New Hampshire Alcohol and Drug Abuse Services	\$1,329,836
Tri-County Community Action Programs, Inc.	\$611,904
TOTAL	\$7,596,887

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 2 of 4

Funds to support this request are anticipated to be available in the following accounts in SFY 2014 upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts within the price limitation and amend the related terms of the contracts without further approval from Governor and Executive Council.

05-95-49-491510-2989 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, GOVERNOR COMMISSION FUNDS (100% General Funds)

05-95-49-491510-2990 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, CLINICAL SERVICES (34.4% General 65.6% Federal)

Please see attachment for financial details

EXPLANATION

The requested action seeks approval of 15 of 17 agreements that represent \$7,596,887 of the \$7,741,314 total anticipated to be spent state-wide to provide a continuum of substance abuse treatment services via the accounting codes listed. These services include community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children. This request seeks to exercise the renewal option that exists within each of the vendor contracts. The Department anticipates that the remaining two agreements will be presented to Governor and Executive Council on June 19, 2013.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, these contracts will continue to allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
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In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

The vendors were originally selected for this agreement through a competitive bid process. This request covers services for the period July 1, 2013 to June 30, 2014, and anticipates exercising the option to renew for one additional year as provided all of the previous vendor contracts, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with the listed vendors in State Fiscal Year 2013 in the amount of \$7,741,314 in the aggregate. This agreement represents level funding of all vendors.

The following performance measures will be used to measure the effectiveness of the agreements:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for I intensive outpatient treatment services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 4 of 4

Contractors, with the exception of those agencies that only offer outpatient services, are required to develop the capacity for group recovery support aftercare services for a minimum of 25% of the number treatment clients (including outpatient and transitional living program clients) they are under contract to serve. Group recovery support aftercare services are services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Recovery Support Services include, but are not limited to, guidance in financial management, parenting, vocational training, life management and spiritual counseling as well as transportation and child-care. These group recovery support services are for clients discharged from substance use disorder treatment services provided under contract with the Bureau of Drug and Alcohol Services on behalf of the Department, which may include clients that had received SUD treatment from the Contractor or a different agency. Contractors are only allowed to access these services for their clients or clients that had received substance use disorder treatment from a different agency through the statewide care coordination program under agreement with the Bureau of Drug and Alcohol Services on behalf of the Department.

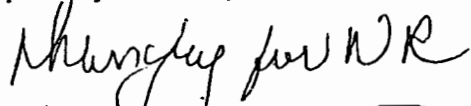
All treatment programs under contract with the Bureau of Drug and Alcohol Services on behalf of the Department are required to report on the National Outcome Measures (see attached) established by the Substance Abuse and Mental Health Services Administration, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the Electronic Health Record/Web Infrastructure Treatment System. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions. The Contractor is expected to meet or exceed these percentages as measured by the Electronic Health Record/Web Infrastructure Treatment System.

Area served: State-wide

Source of Funds: 52.6% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant and 47.4% General .

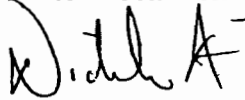
In the event that the Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:


Nicholas A. Toumpas
Commissioner



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

May 25, 2012 Approved by: G+C

Date: 6/20/12

Item No.: 110

Contract No.: 1024225

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug & Alcohol Services, to enter into an agreement with Greater Nashua Council on Alcoholism D/B/A Keystone Hall (Vendor #166574 B001), 615 Amhurst Street, Nashua, NH 03060, to provide for a continuum of substance abuse treatment services, in an amount not to exceed \$1,356,945.00 to be effective July 1, 2012 or date of Governor and Council approval, whichever is later, through June 30, 2013. Funds are available in the following accounts for State Fiscal Year 2013:

05-95-95-958410-5365 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, ALCOHOL AND OTHER TREATMENT

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95846501	\$833,565.00
			Subtotal	\$833,565.00

05-95-95-958410-1388 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT AND PREVENTION, GOVERNOR

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95848501	\$217,425.00
			Subtotal	\$217,425.00

05-95-95-958410-1387 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, TREATMENT-PREVENTION-STATE

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95841387	\$305,955.00
			Subtotal	\$305,955.00
			Total	\$1,356,945.00

EXPLANATION

The purpose of this agreement is to provide a continuum of substance abuse treatment services such as community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children, in the Greater Nashua area.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, this contract will allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

Greater Nashua Council on Alcoholism D/B/A Keystone Hall was selected for this agreement through a competitive bid process. A Request for Proposals was posted on the Department's web site on March 6, 2012 through April 2, 2012. In addition, a bidder's conference was held on March 12, 2012.

A total of 19 proposals were received. A review committee of three professionals reviewed each proposal. All reviewers have between three to twenty years experience managing agreements with vendors for various public health programs. Areas of specific expertise include: maternal and child health; substance abuse prevention and treatment; chronic and communicable diseases; and public health infrastructure. Eighteen of the proposals were selected for funding based on review criteria that included availability of funds, consistency with stated funding priorities, technical score, and equitable geographic distribution. The agency that was not selected did not meet the minimum scoring criteria established for funding. The Bid Summary is attached.

This request covers services for the period July 1, 2012 to June 30, 2013, with an option to renew for one additional year, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with this agency in State Fiscal Year 2012 in the amount of \$1,356,945.00. This agreement represents level funding.

The following performance measures will be used to measure the effectiveness of the agreement:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services (OP)
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services (IOP) – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for IOP services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

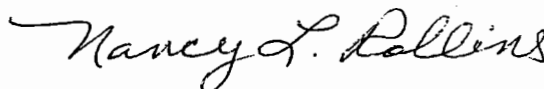
Area served: Greater Nashua area.

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
May 25, 2012
Page 4 of 4

Source of Funds: 61.43% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant, 36.32% General Funds and 2.25% Other (Highway) Funds.

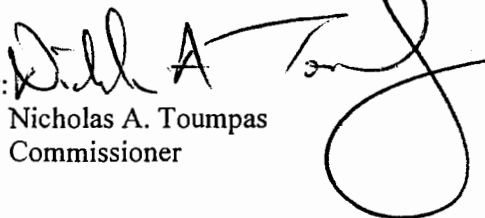
In the event that the Federal or Other Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner

NLR/ljp

AP NISC



**State of New Hampshire
Department of Health and Human Services
Amendment #2 to the Substance Use Disorder Treatment and Recovery Support Services
Contract**

This 2nd Amendment to the Substance Use Disorder Treatment and Recovery Support Services contract (hereinafter referred to as "Amendment 2") dated this 15th day of May 2014, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Headrest (hereinafter referred to as "the Contractor"), a non-profit corporation with a place of business at 14 Church Street, Lebanon, NH 03766.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on June 20, 2012, (item # 97) and amended by an agreement (Amendment #1 to the Contract) approved on June 5, 2013, (Item # 102A), 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, the State may amend the Contract by written agreement of the parties; and;

WHEREAS, the parties agree to extend the current contract by one year.

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:

- 1) Amend Form P-37, Block 1.6 to read:
 - a) 05-95-49-491510-29890000-102-500734
 - b) 05-95-49-491510-29900000-102-500734
- 2) Amend Form P-37, Block 1.7 to read June 30, 2015.
- 3) Amend Form P-37, Block 1.8 to read \$754,350
- 4) Delete Exhibit A and replace with Exhibit A Amendment #2
- 5) Delete Exhibit B and replace with Exhibit B Amendment #2

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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,

5/28/14
Date

State of New Hampshire
Department of Health and Human Services

Shirley L. Rock
NAME
TITLE Director

5-19-2014
Date

Headrest

Ed R. Piro, Executive Director
NAME
TITLE Ed Piro

Acknowledgement:

State of NH, County of Suffolk on May 19, 2014, 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

Rosella Ann Casavalle
Name and Title of Notary or Justice of the Peace

EP
5-19-2014

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

OFFICE OF THE ATTORNEY GENERAL

6-2-14
Date

Rosemary Wiant
Name: Rosemary Wiant
Title: Assistant Attorney General

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:

Contractor Initials: [Signature]
Date: 5-19-2014



Exhibit A Amendment #2

Scope of Services

A. Population Served

Services are available to New Hampshire residents who meet diagnostic, financial, and other eligibility criteria for Department of Health and Human Services supported substance use disorder services as defined in Section C, Clients Eligible for Treatment Services.

B. The Contractor shall provide treatment services as identified below:

Service Table - An "X" denotes that the Contractor shall provide that service(s) to eligible individuals in accordance with all applicable laws, rules, and regulations and terms and conditions of this Agreement.

Required Services	Treatment Services
X	Outpatient Treatment (ASAM Level 1) - Substance abuse treatment services provided in individual and group counseling sessions in a non-residential setting. Clients may be enrolled in outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Outpatient Treatment (ASAM Level 1) – Pregnant & Parenting Women – Outpatient Treatment as identified above provided to pregnant & parenting women.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – A combination of individual and group substance abuse treatment services conducted in an outpatient setting for a minimum of 3 hours of direct client treatment services per day for a minimum of three days per week. Clients receiving less than this level of service should be enrolled in an outpatient program. Clients may be enrolled in intensive outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – Pregnant & Parenting Women - Intensive Outpatient Treatment as identified above provided to pregnant & parenting women.
X	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Residential substance abuse treatment services are designed to support individuals in the early stages of recovery that need this residential level of care and/or are homeless. The goal of these programs is to prepare clients to become self-sufficient in the community. Clients may be enrolled in low-intensity residential treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days. Residents typically work in the community and may pay a portion of their room and board.
X	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Pregnant Women - Low-Intensity Residential Treatment as identified above provided to

75-13-2014



Exhibit A Amendment #2

	pregnant & parenting women.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Short-term residential substance abuse treatment designed to assist individuals who require a more intensive level of service in a structured setting and/or individuals that may be homeless. Admission is on a voluntary basis. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Pregnant Women - High-Intensity Residential – Adult and Medium Intensity Residential – Adolescent as identified above provided to pregnant women.
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5) - Residential treatment services for pregnant and parenting women and their children. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Recovery Support Services: Group or individual services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Examples of recovery support services include, but are not limited to: assisting clients with enrollment in Medicaid, the New Hampshire Health Protection Program (NHHPP), or private insurance, anger management, financial management, communication skills, spiritual support, parenting skills, health management, case management, organization and time management, recovery coaching, recovery mentoring, stress management, and vocational services. Programs may focus on a single recovery support service or provide a curriculum that includes an array of recovery support services. Types of Recovery Support Services are listed below:
X	Continuous recovery monitoring services are regular follow-ups with clients to assess the status of the client's recovery, identify any needs the client may have and help the client to address those needs, and provide early intervention for client's who have relapsed or who's recovery is otherwise at risk.
	Enhanced Services are specialized services that remove barriers to a client's participation in treatment. Examples of these services are child care while a parent is participating in treatment or transportation to and/or from the treatment site.
X	Recovery Support Services as identified above provided to pregnant & parenting women.



Exhibit A Amendment #2

C. Required Services

Priority Admission:

- 1) The Contractor shall give admission preference to pregnant women and women with dependent children, even if the children are not in their custody, as long as parental rights have not been terminated, including the provision of interim services within the required 48 hour time frame.
- 2) Individuals with a history of injection drug use including the provision of interim services within 14 days.
- 3) Individuals with a primary diagnosis of a substance use disorder, which may also include a co-occurring mental health disorder.
- 4) Individuals on medication-assisted treatment for co-occurring substance abuse and mental health disorders or various opiate replacement therapies, including, but not limited to, methadone, buprenorphine and naltrexone.

Required Outreach:

New Hampshire Department of Health & Human Services (DHHS) programs receiving federal treatment Block Grant funds requires that Contractors must publicize services available to pregnant or parenting women and injection drug users in need of substance abuse treatment and that these individuals receive preference for admission to treatment. This may be done as follows, but is not limited to, street outreach programs, ongoing public service announcements (radio/television), regular advertisements in local/regional print media, posters placed in targeted areas, and frequent notification of availability of such treatment distributed to the network of community based organizations, health care providers and social service agencies. The Contractor will submit their outreach plans to DHHS through the Bureau of Drug and Alcohol Services (BDAS) within 60 days of contract effective date.

Health Facilities Administration Licensing Requirements:

Housing programs with substance abuse treatment services at the same location will need to secure necessary licensing as a Residential Rehabilitation Facility by the DHHS Bureau of Health Facilities Administration, as appropriate, see He-P 807 at the following link: (http://www.gencourt.state.nh.us/rules/state_agencies/he-p800.html). Any contractor with an American Society of Addiction Medicine (ASAM) (October 2013) Level 3.3 or higher level program must secure this licensing for all Level 3 programs housed within the same facility as the Level 3.3 program. In the case of residential treatment and housing at the same site, residential programs should plan to treat no more than 16 pregnant or parenting women at any given time to comply with federal Medicaid restrictions on Institute for Mental Diseases (IMD) exclusion criteria. This restriction would not apply to programs in which the client's residence is in a separate location from the treatment program.

Capacity Reporting:

The Contractor must contact BDAS, as agent for DHHS, when their capacity has reached 90% within 5 business days. The Contractor must refer pregnant women to the State when the Contractor has insufficient capacity to provide services to any such pregnant women who seek the services of the program. Sending e-mail to the BDAS Clinical Services Unit Administrator may complete this notification process.



Exhibit A Amendment #2

Access to Services:

The Contractor shall respond to calls requesting treatment and/or transitional living program services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within 2 business days following the day the call was received.

The Contractor is required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.

Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client should be referred to a DHHS funded provider where they are able to access interim services.

Contractors receiving grant funds from DHHS will not discriminate against clients who are using legitimate medications to assist their recovery and will not have policies that allow them to refuse admission to treatment or to discharge clients from treatment based on the use of appropriately prescribed medications and various opiate replacement therapies, including, but not limited to, methadone and buprenorphine, as well as other forms of medication-assisted treatment for co-occurring substance abuse and mental health disorders.

Clients Eligible for Treatment Services:

In order to be eligible for DHHS supported services, a client must meet all eligibility criteria described below. Eligibility determination shall be conducted as follows:

1. Substance Use Disorder, Financial Eligibility & Residency Screening: The contractor shall complete the eligibility screening module in the Web Information Technology System (WITS) to determine if the client meets residency, financial, and substance use disorder potential eligibility requirements:
 - a. Residency: The client must be a resident of New Hampshire or homeless in New Hampshire to be eligible for DHHS supported services; and
 - b. Financial Eligibility: The client's income must be below 400% of Federal Poverty Level (FPL) to be eligible for DHHS supported services based on the sliding fee scale described below. Once the screening has been completed, the contractor shall print the associated attestation and have the client sign this document. A copy of the signed attestation shall be maintained in the client file. The client's financial eligibility shall be reassessed no less than every 120 days.; and
 - c. Potential for a Substance Use Disorder: The client must screen positive for a potential substance use disorder to be eligible for DHHS funded services.
2. Evaluation: The contractor shall conduct a full substance abuse evaluation, which includes administration of either the Addiction Severity Index (ASI) in WITS or Global Appraisal of Individual Needs (GAIN).
 - a. Substance Use Disorder: This evaluation shall be used to determine if the client meets Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM5) criteria for a substance use disorder. Clients who meet DSM5 criteria for a substance use disorder are eligible for DHHS funded services. Client who do not meet these criteria are not eligible for DHHS funded services.



Exhibit A Amendment #2

- b. Level of Care: For clients who have met all other eligibility requirements, this evaluation shall be used to determine the appropriate level of care for the client based on ASAM (October 2013) criteria. The client is eligible for DHHS funded services at the assessed level of care unless such a level of care is unavailable or the client chooses to enter a lower level of care. If the assessed level of care is unavailable, the client may choose to enter the next higher level of care.
3. Medicaid/NHHPP Eligibility: The contractor shall determine whether or not the client is eligible for Medicaid/NHHPP coverage for the identified level of care. If the client is not eligible for Medicaid/NHHPP coverage for the identified level of care, the client may be eligible for DHHS funded services. If the client is eligible for Medicaid/NHHPP coverage for the identified level of care, the client is not eligible for DHHS funded services.
4. Insurance Coverage: The contractor shall determine whether or not the client has insurance that will cover services at the identified level of care. If the client does not have insurance that will reimburse for these services at a rate equal to or greater than the DHHS rate, the client is eligible for DHHS funded services. If the client has insurance that will reimburse for these services at an amount equal or greater to the DHHS reimbursement rate, the client is not eligible for DHHS funded services. The contractor may not charge the combination of the client, any 3rd party payor, and DHHS more than the maximum charge allowed. These parties shall be charged in the following order:
 - a. The maximum allowed charge will be billed to the client's insurer, if applicable.
 - b. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
 - c. The balance of the maximum allowed charge after deducting the client's portion and the insurance payment, if applicable, shall be charged to DHHS.

Sliding Fee Scale:

The contractor shall not charge the combination of the client, any 3rd party payor and BDAS an amount greater than the maximum rate allowed for each service. All reasonable efforts shall be made to collect payment of bills. A client's inability to pay shall not preclude admission to the program and treatment.

- Client Income is 0% - 138% of FPL: 100% of the allowed charge less any amount paid for by insurance.
- Client Income is 139% - 149% of FPL: 92% of the allowed charge less any amount paid for by insurance.
- Client Income is 150% - 199% of FPL: 88% of the allowed charge less any amount paid for by insurance.
- Client Income is 200% - 249% of FPL: 75% of the allowed charge less any amount paid for by insurance.
- Client Income is 250% - 299% of FPL: 60% of the allowed charge less any amount paid for by insurance.
- Client Income is 300% - 349% of FPL: 43% of the allowed charge less any amount paid for by insurance.
- Client Income is 350% - 399% of FPL: 33% of the allowed charge less any amount paid for by insurance.



Exhibit A Amendment #2

With respect to minority age individuals, a minor child shall not be denied services as a result of the parent's unwillingness to pay the fee or the minor child's decision to receive confidential services pursuant to RSA 318-B:12-a.

Waiting List Management:

When a person who is pregnant or an injection substance abuser seeks treatment and there are no appropriate treatment services available within the required time frame as outlined below, interim services **must** be made available. The Contractor agrees to maintain the wait list management system in WITS that includes a unique patient identifier and include information on dates of requests for admission to treatment, provision of interim services and source for those services, referrals made for treatment or interim services, and disposition of clients on the waiting list.

- The waiting list must contain a mechanism that identifies and counts the number of applicants who present and are determined to be appropriate for substance abuse treatment but are unable to be placed as there is no capacity;
- Maintain contact with individuals awaiting admission; and,
- Admit or transfer waiting list clients at the earliest possible time to an appropriate treatment program within a reasonable geographic area.

The Contractor shall remove a client awaiting treatment from the waiting list only when one of the following conditions exists:

- Such persons cannot be located for admission into treatment *or*
- Such persons refuse treatment.

Specific Interim Services for Pregnant Women, Women with Dependent Children and Injection Drug Users:

The Contractor agrees to contact the BDAS Clinical Services Unit if a pregnant women and women with dependent children or individuals with a history of injection drug use, cannot be accepted into treatment within specific time frames, and agrees that interim services will be provided or facilitated by the Contractor. Interim services for pregnant women must include counseling on the effects of alcohol and drug use on the fetus, referrals for prenatal care, and counseling and education about HIV and tuberculosis. Interim services for injection drug users must also include counseling and education in the risks of needle sharing, about the risks of transmission to sexual partners and infants, and referral for HIV, Hepatitis C and tuberculosis screening/testing. All interim services shall be documented in the client's clinical record in the WITS system.

Interim Services for other Clients:

The Contractor shall provide, or refer the client to, interim services until level of service identified in the level of care assessment is available and/or the client is willing and assessed as being sufficiently motivated to take advantage of the proposed level of service or interim services. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client shall be referred to a DHHS funded provider where they are able to access interim services.

Services to pregnant and parenting women:

The Contractor further agrees that childcare will be made available to women who are in treatment with their dependent children, either through on-site care or through arrangements with an off-site legal childcare provider. Other services required are as follows:



Exhibit A Amendment #2

- The family is treated as a unit and, therefore, admits both women and their children into treatment services, if appropriate.
- The Contractor shall provide or arrange for primary medical care for women who are receiving substance abuse services, including prenatal care.
- The Contractor shall provide or arrange for childcare while the women are receiving services even if the children are not in their custody, as long as parental rights have not been terminated.
- The Contractor shall provide or arrange for primary pediatric care for the women's children, including immunizations.
- The Contractor shall provide or arrange for gender-specific substance abuse treatment and other therapeutic interventions for women that may address issues of relationships, sexual abuse, physical abuse, and parenting, and childcare while the women are receiving these services.
- The Contractor shall provide or arrange for therapeutic interventions for children in custody of women in treatment, which may, among other things, address the children's developmental needs, their issues of sexual and physical abuse, and neglect.
- The Contractor shall provide or arrange for sufficient case management and transportation services to ensure that the women and their children have access to the services provided for above.
- If a pregnant, pregnant injection drug using or Injection Drug Using person refuses treatment or says (s)he is not interested in treatment, the wait list report shall be completed with the engagement activities attempted.
- If a pregnant, pregnant injection drug using or Injection Drug Using person no shows or cancels treatment, interim services must be provided, as stipulated above and the wait list report shall be completed that demonstrates the activities of follow up, engagement and substance abuse treatment services offered.

Relationship(s) with Primary Health Care:

The Contractor shall arrange and coordinate services and exchange of information with other health care providers and agencies which:

- Identifies the client's current Primary Care Provider (PCP) at screening and/or intake.
- If the client has no current PCP, the Contractor shall identify available provider(s) in the client's local area such as a federally qualified community health center, community health center, or other local health services.
- Obtains client/patient authorization to communicate with PCP office.
- If no authorization is completed initially, the Contractor shall educate client as to the importance of engaging the PCP in ongoing care and address the client's concerns as part of treatment, with goal of obtaining authorization before discharge.
- Sends the discharge summary to PCP and offers to discuss recovery issues with the provider.
- Arranges (or has the client arrange) a post-discharge appointment with PCP for the client/patient for follow-up of the substance use disorder.

Tobacco Cessation:

The Contractor shall have policies and procedures for both client and Contractor staff, that not only creates a tobacco-free environment as required by law, but to offer tobacco cessation tools and programming. Tobacco use, in and of itself, shall not be grounds for administrative discharge from the program. Initially, all clients shall be assessed for motivation in stopping the use of tobacco products. Providers may tap into resources such as the DPHS Tobacco Prevention & Control Program (TPCP) and

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

the certified tobacco cessation counselors available through the QuitLine. Other resources for providers include:

Breathe New Hampshire
145 Hollis St., Unit C
Manchester, NH 03101
603-669-2411 (phone) or 1-800-835-8647

The New Hampshire Medicaid program covers:

- Nicotine Replacement Therapy (NRT) Gum,
 - NRT Patch,
 - NRT Nasal Spray,
 - NRT Lozenge,
 - NRT Inhaler,
 - Varenicline (Chantix),
 - Bupropion (Zyban),
 - Group Counseling and/or
 - Individual Counseling. Up to 12 individual counseling sessions are covered per year through a mental health provider (Note: These sessions would NOT be in addition to other mental health counseling sessions under Medicaid). Pregnant women also have the option of group counseling.
- For more information, visit the website at:
<http://www.dhhs.state.nh.us/DHHS/MEDICAIDPROGRAM/default.htm>

Tuberculosis:

The Contractor shall make available tuberculosis services (defined as screening, counseling, testing, and treatment) directly, or through other providers, to each client receiving treatment. In the case of an individual denied admission due to lack of capacity, the substance abuse treatment Contractor will refer the individual to another provider of tuberculosis services if appropriate. All Contractor providing residential services shall make available, either on-site or through agreements with health care providers, tuberculosis services, including screening, testing, counseling and referral for medical treatment.

Physical location and facilities:

For the purpose of providing the services described in Section II of the Scope of Services, the Contractor shall obtain and maintain a suitable space complying with all fire, health, and safety codes to include handicapped accessibility and being wheelchair accessible.

The Contractor shall obtain written prior approval of DHHS, acting through BDAS, before entering into any agreement concerning relocation of the service site.

Culturally and Linguistically Appropriate Standards of Care:

DHHS recognizes that culture and language have considerable impact on how consumers access services. Culturally and linguistically diverse populations experience barriers in efforts to access services. To ensure equal access to quality services, DHHS expects that Contractors shall provide culturally and linguistically appropriate services according to the following guidelines:

1. Assess the ethnic/cultural needs, resources and assets of their community.
2. Promote the knowledge and skills necessary for staff to work effectively with consumers with respect to their culturally and linguistically diverse environment.

[Handwritten signature]
5-17-2014



Exhibit A Amendment #2

3. When feasible and appropriate, provide clients of Limited English Proficiency (LEP) with interpretation services. Persons of LEP are defined as those who do not speak English as their primary language and whose skills in listening to, speaking, or reading English are such that they are unable to adequately understand and participate in the care or in the services provided to them without language assistance.
4. The Contractor is responsible for reasonable accommodations in arranging for interpreter services for hearing impaired clients.
5. The Contractor offers consumers or clients a forum through which those individuals have the opportunity to provide feedback to the Contractor regarding cultural and linguistic issues that may deserve response.

Compliance with State and Federal Laws:

The Contractor is responsible for compliance with all relevant state and federal laws. Special attention is called to the following statutory responsibilities:

1. All services provided pursuant to this Contract shall be subject to the most current proposed or formalized rules and regulations promulgated by DHHS, pursuant to RSA 541-A.
2. The Contractor shall maintain adherence to federal and state confidentiality laws specifically: 42 CFR Part 2B, N.H. RSA 318 B:12 and N.H. RSA 172:8-A and the Health Insurance Portability and Accountability Act (HIPAA): <http://www.hhs.gov/ocr/privacy/>
3. The Contractor shall meet the standards outlined in NH Administrative Rule He-A 300, Certification and Operation of Alcohol and other Drug Disorder Treatment Programs. This administrative rule is currently expired and under revision. The Contractor should plan to meet the requirements as outlined in the expired rule until the revisions are completed. He-A 300 can be viewed on the RFP link to this document <http://www.dhhs.nh.gov/business/rfp/index.htm>.
4. The Contractor shall, upon the direction of the State, provide court-ordered evaluation in their catchment area and a sliding scale fee shall apply and the inability to pay shall not interfere with the completion and submission of the court-ordered evaluation and shall, upon the direction of the State, offer treatment to those individuals pursuant to RSA 172:13.
5. Contractors considering research, including research conducted by student interns, using individuals served by this contract as subjects must adhere to the legal requirements governing human subjects' research. Contractors must inform the DHHS via contact with BDAS prior to initiating any research involving subjects or participants related to this contract. In addition, research conducted on subjects served by this contract may need to be approved by the New Hampshire Department of Health & Human Services Committee for the Protection of Human Subjects (NH DHHS CPHS) see <http://www.dhhs.nh.gov/irb/>

Client Stabilization:

The Contractor will be expected to arrange for medical clearance for all clients receiving treatment services supported by DHHS administered by BDAS to assure that they are not at risk for acute withdrawal from alcohol and certain drugs. The Contractor shall be expected to provide a range of integrated services that include withdrawal management services that follow detoxification guidelines outlined in Treatment Improvement Protocol (TIP) #45, Detoxification and Substance Abuse Treatment and ASAM guidelines.

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



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Clinical Services:

The Contractor shall provide the following:

- a. A minimum of one (1) substance abuse counselor on site each day of the week during primary treatment hours. The substance abuse counselor shall have a bachelor's degree or equivalent in social work/psychology, guidance or nursing and/or a certificate in the field of addiction studies from an approved educational institution or educational/life experience.
- b. A minimum of one (1) substance abuse support staff on site each day of the week during all hours not covered by a substance abuse counselor. The substance abuse support staff must have a high school or General Equivalency Diploma (GED). Preference is given to individuals who have completed additional courses or taken training in substance use disorders or other health fields.
- c. An intake/admission coordinator on site Monday through Friday of each week. The intake/admission coordinator shall have one (1) years' work experience in the field of addiction studies.
- d. A full-time Executive Director, not filling any of the positions described above.

Evaluation:

The contractor shall conduct a full substance abuse evaluation, which includes administration of either the ASI or GAIN to determine eligibility for services. This evaluation must be updated every 120 days or when the client transitions to a different level of care.

Assessment of Risk for Self-Harm/Suicide: The Contractor shall have policies and practices for assessing risk of self-harm at all phases of treatment, such as at initial contact, during screening, intake, admission, on-going treatment services and at discharge, and a process for referral when necessary to include referrals to mental health services.

The Contractor shall develop policies, programs and protocols in accordance with SAMHSA guidelines as outlined in the Treatment Improvement Protocols (TIPs) and Technical Assistance Publications (TAPs). These publications can be downloaded from <http://www.kap.samhsa.gov/products/manuals/index.htm>.

Use of Best Practices: The Contractor is required to use the Addiction Severity Index (ASI) or Global Appraisal of Individual Needs (GAIN) assessment tools, the SAMHSA/NIDA MATRS treatment-planning model and the WITS electronic case management system.

Care Coordination:

The Contractor is required to assess each client's need/appropriateness for residential transitional living services and to refer all clients for care coordination services made available through the Access to Recovery (ATR) initiative administered by the BDAS so long as this initiative remains available on behalf of DHHS that would commence following the initial course of treatment. Contractors are required to address motivational issues with clients for them to participate effectively in the care coordination and recovery support services. Contractors are required to have clients sign the "ATR Client Participation Agreement" (made available by BDAS), indicating that they either agree or opt out of participating in these services. The contractor will facilitate all clients who agree to participate in these services to complete the Client Participation Agreement and upon obtaining a signed release of information, refer clients to an ATR Care Coordinator Program at least two weeks prior to anticipated date of discharge (dis-enrollment) from services. Assessing the need for aftercare services is expected to take place while



Exhibit A Amendment #2

the client is involved within the most recent episode of care, with a referral being made and accepted by the care coordination service prior to the client being discharged.

The Contractor must provide the following for use by the care coordination program:

- Private space for interviewing/meeting with clients.
- Access to internet (either wired or wireless) in the meeting space
- Telephone in the meeting space and
- A contact person at the Contractor's site for logistics.

It is the expectation of the BDAS at DHHS that, upon completion of appropriate signed releases, the Contractor will provide the care coordination program with necessary information from the clinical record (evaluation, treatment plan, progress notes, etc.) for the care coordination program to develop a service plan with the client.

All alcohol and other drug treatment providers under contract with the BDAS on behalf of DHHS are required to address with all clients, the need for continuing services. This includes clinically managed low-intensity treatment programs under contract with the BDAS on behalf of DHHS as well as care coordination and recovery support services made available through DHHS contracted providers; the ATR initiative administered by BDAS, so long as this initiative remains available; and/or any other resources that become available to pay for these services that would commence following the initial course of treatment. The referral for these services should take place prior to discharge from the initial course of treatment.

Relevant Policies and Guidelines:

The services provided for in this agreement shall be in addition to the services provided for in any other agreement between the State of New Hampshire, any of its agencies, or any of its officers, and the Contractor.

Without limiting the generality of any other provisions of this agreement, the Contractor shall cooperate fully with, and answer all questions of representatives of the State conducting any periodic or special review of the performance of the Contractor or any inspection of the facilities of the Contractor.

Publications Funded Under Contract:

All products produced under this contract are in the public domain. All products (written, video, audio) produced, reproduced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution, or use. The Contract shall credit DHHS on all materials produced under this contract.

Student Internships:

The Contractor shall establish policies and procedures related to student interns that address minimum coursework, experience and core competencies for those interns having direct contact with individuals served by this contract. Student interns shall complete an approved ethics course prior to beginning the internship.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

Staff Licensing Requirements:

The ratio of licensed to non-licensed service providers shall be as follows:

Agencies must have at least one Licensed, or Masters Licensed, Alcohol and Drug Counselor (LADC/MLADC) for each two unlicensed counselors providing substance abuse treatment services and a sufficient number of MLADCs or LADCs with the Licensed Clinical Supervision (LCS) credential to adequately provide for clinical supervision of all clinical staff. This requirement shall be met by the Contractor no later than six (6) months after the date of the Contract effective date.

Updated resumes, which clearly indicate the staff member is employed by the Contractor, including current positions of staff supported by funds provided through this Contract, shall be forwarded to the BDAS as agent for DHHS. The documentation shall include a copy of the New Hampshire Alcohol and Drug Counselor License.

Staff Certification Requirements:

In addition to the requirements for LADCs, all Contractor milieu staff in residential settings and transitional living programs and staff providing recovery support aftercare group services shall be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification under RSA 330-C (<http://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XXX-330-C.htm>). Certification must be completed within six (6) months of the contract's approval date.

Staff providing recovery support services are expected to be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification. Peer recovery support services made available through Recovery Community Organizations (RCOs), under agreement with BDAS on behalf of DHHS, shall be provided by individuals certified by those organizations (CRSW not required for peer recovery support services).

Supervision:

Ongoing clinical supervision will include weekly discussion of cases with suggestions for resources or therapeutic approaches, co-therapy, and periodic assessment of progress. When enough candidates are under supervision, group supervision may be included to help optimize the learning experience.

The content of supervision must include knowledge, skills, values, and ethics with specific application to the practice issues faced by the supervisee, including the core functions as described in the Twelve Core Functions of Alcohol and Drug Counseling.

The content of supervision must also include the standards of practice and ethical conduct, with particular emphasis given to the counselor's role and appropriate responsibilities, professional boundaries, and power dynamics.

Staffing Changes:

BDAS as agent for DHHS shall be notified of changes in key personnel with updated resumes that clearly indicate the staff member is employed by the Contractor submitted within five (5) working days. Key personnel are those staff for whom at least 10% of their work time is spent providing alcohol or other drug abuse treatment services.



Exhibit A Amendment #2

1. New Hires: The Contractor shall notify BDAS on behalf of DHHS in writing within one month of hire when a new administrator or coordinator or any staff person essential to carrying out this scope of services is hired to work in the program. A resume of the employee, which clearly indicates the staff member is employed by the Contractor, shall accompany this notification.

2. Vacancies: The Contractor shall notify BDAS on behalf of DHHS in writing within 14 calendar days, if at any time, any site funded under this agreement does not have adequate staffing to perform all required services for more than one month.

Other Requirements:

The Contractor shall attend trainings and/or meetings as requested by DHHS.

ATR and Recovery Support Services:

All DHHS funded treatment and recovery support service providers must also be approved Access to Recovery (ATR) providers, so long as the ATR initiative remains available, as this will be the source of funding for these recovery support services through the Voucher Management System (VMS). Information on becoming an ATR provider can be found on the DHHS website: <http://www.dhhs.nh.gov/dcbcs/bdas/atr/becomingprovider.htm>

Regional Network Participation:

The Contractor will designate administrative level staff to regularly participate in the Regional Network and contribute to overall regional network strategic planning, monitoring, evaluation, and cross systems communication efforts. The Contractor is highly encouraged to serve on one of the work groups and contribute to data collection, regional strategic planning and evaluation. Participation will be measured by the annual Partner Survey (<http://www.partnertool.net/>) administered by NH Center for Excellence under contract with BDAS as agent for DHHS.

Performance Measures:

All treatment programs under contract with BDAS on behalf of DHHS are required to report on the National Outcome Measures (NOMs) established by the SAMHSA, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the WITS (electronic case management) system. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions.

Data and Reporting Requirements:

1. Without limiting the generality of any other provisions of this agreement, the Contractor shall provide any periodic or special reports required by the DHHS.
2. The Contractor shall notify BDAS, as an authorized agent of DHHS, whenever the Contractor has reached ninety percent capacity to admit new clients. In addition the Contractor shall have a waiting list management policy in accordance with the SAPT Block Grant requirements. This 90% notification process will become automatic when this operation is fully functional in WITS.
3. The Contractor shall notify DHHS through BDAS, within one working day, if sufficient capacity is not available to provide treatment services to a pregnant woman, parenting woman or injection drug user within the required time frames and a referral elsewhere is not successful and interim services cannot be provided.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

4. The Contractor shall comply with all research and/or information systems development activities for the electronic case management/Web Information Technology System (CM/WITS) conducted by, or authorized by, DHHS.
5. The Contractor shall administer any client surveys, client evaluations including the addiction Severity Index (ASI) or the Global Appraisal of Individual Needs (GAIN), client treatment outcome instruments, the M.A.T.R.S. Treatment Planning Tool, as required by DHHS.
6. The Contractor must have the ability to communicate and submit required reports via the Web-based submission system and/or e-mail, for treatment s and recovery support services and interim services. All required clinical and documentation activities shall be entered in WITS unless specifically granted an exception by BDAS on behalf of DHHS.

Critical Incident/Sentinel Event Reporting:

The Department's Sentinel Event policy is contained in the following link:
<http://www.dhhs.nh.gov/dcbcs/sentinel.htm>

Division of Community Based Care Services (DCBCS) Sentinel Event Notification:

The preceding events require the immediate verbal notification to the BDAS Assistant Administrator or Clinical Services Unit Administrator upon the discovery of a sentinel event involving an individual(s) receiving services through a DHHS substance use disorder treatment Contractor.

Since the initial and immediate verbal notification of a sentinel event is likely to include protected health information (PHI) as identified below, the Contractor of services to individuals receiving services funded by the DHHS shall disclose PHI in a private and secure manner. Contractors and vendors should not leave voice-mail messages, but instead make direct telephone contact with the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee. If direct telephone contact is not possible, a voice mail message may be left without protected health information, such as medications and relevant medical and psychiatric diagnoses. As soon as possible after the initial verbal notification, the Contractor will mail or fax a completed *Sentinel Event Reporting Form* as directed in this protocol.

Notification shall include the following:

1. Name and phone number of the individual reporting.
2. Name, date of birth (DOB), medications and all relevant medical and psychiatric diagnoses of individual(s) involved;
3. Location, date, and time of event;
4. Description of the event including what, when, where, how, and other relevant information and identification of any other individuals involved;
5. Legal status of the individual involved with regard to guardianship and power of attorney;
6. Community, guardian, family and/or families' knowledge of the event; and
7. Contractor contact person and contact information.

It shall be the responsibility of the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee to notify the DCBCS Quality Improvement Director by e-mail as soon as the BDAS Clinical Administrator or designee becomes aware a Sentinel Event has occurred. The DCBCS Quality Improvement Director shall make immediate notification to the Commissioner. Internal e-mails within the Department may contain PHI and all Department employees will utilize safeguards to ensure the privacy

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



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of the PHI as stated in the DHHS General Manual Health Insurance Portability and Accountability Act (HIPAA) policy #504.

Each DCBCS contractor recognizes its responsibility to report evidence of neglect, abuse or exploitation to the appropriate regulatory agencies as required by RSA 161-F: 42-57 and RSA 169-C:29. In any case of known or suspected neglect, abuse or exploitation, the Contractor aware of the situation shall follow all applicable rules relative to individual rights protection procedures.

Written follow up information is to be forwarded by the reporting Contractor to the appropriate BDAS Administrator listed below within 72 hours by completing the *Sentinel Event Reporting Form*. To protect clients' confidential information, reporting Contractors should submit the *Sentinel Event Reporting Form* either by fax to the BDAS Assistant Administrator or the BDAS Clinical Services Unit Administrator by a mail service that provides delivery confirmation.

Bureau of Drug and Alcohol Services

Assistant Administrator

105 Pleasant Street

Concord, NH 03301

Or by fax to the BDAS Administrator's Office at 271-6105;

Follow-up information is the responsibility of the Contractor and should be submitted in a way as to protect clients' confidential information such as by mail with delivery confirmation and should include:

1. The *Sentinel Event Reporting Form* (www.dhhs.nh.gov/dcbcs/documents/sentinelform.pdf);
2. Additional details as they are learned or if the status of the situation changes; and,
3. Copies of newspaper articles.

Additionally, DHHS requires critical incident reporting. The Contractor shall report all critical incidents/sentinel events to the BDAS Clinical Services Unit Administrator immediately via telephone. Every effort shall be made to reach the BDAS administrator directly. If a voice message is necessary, sufficient provider contact information shall be provided so that DHHS is able to reach the reporter, or other responsible staff, immediately.

A critical incident includes, but is not limited to, any child or adult protective services report to the Division of Children, Youth and Families (DCYF), or the Bureau of Elderly and Adult Services (BEAS), respectively, regarding any incident involving 1) a staff/employee to youth or client, 2) youth to youth, or 3) client to client. This includes incidents that occur while a client is on leave, or on a pass, from the Contractor and may be off site at the time the incident occurred.

A sentinel event is an unexpected occurrence involving the death or serious physical or psychological injury, or risk thereof, signaling the need for immediate investigation and response.

Death or any serious injury or medical emergency regarding staff or clients that requires emergency medical attention (EMT or other emergency personnel at the Contractor's site, or a hospital emergency room visit), or any crime reportable to law enforcement, or any other serious incident must also be reported to DHHS as described below.

5-19-2014
[Signature]



Exhibit A Amendment #2

Reportable sentinel events include, but are not limited to, any occurrence that meets any of the following criteria:

1. An unanticipated death or permanent loss of function, not related to the natural course of an individual's illness or underlying condition.
2. Homicide or suicide of any individual receiving DHHS funded care, treatment or services, that had been discharged from a Department funded program or facility within 30 days of the event, or has been evaluated by a service Contractor within the preceding 30 days;
3. Sexual assault or rape of any individual receiving DHHS funded care, treatment or services by another client or employee of any Department funded program or facility where there is an act that was witnessed or there is sufficient clinical evidence obtained by the Contractor to support allegation of nonconsensual sexual contact.
4. Unauthorized departure of an individual receiving DHHS funded services, from a facility providing care, resulting in death or permanent loss of function.
5. Medication error that results in death, paralysis, coma, or other permanent loss of function.
6. Delay or failure to provide DHHS funded Contractor services that result in death or permanent loss of function.
7. Abuse as a result of the willful infliction of injury, unreasonable confinement, intimidation, or punishment with resulting physical harm, or mental anguish. This includes staff neglect or indifference to infliction of injury or intimidation of one individual by another.
8. Neglect as a result of the failure to provide the goods and services necessary to avoid physical harm, mental anguish or mental illness.
9. Assault of or by a client of the Contractor that results in the injury of the person or another person of such severity that medical attention is required.
10. Arson resulting in property loss.
11. High profile events, which may include media coverage and/or police involvement.

On-Site Reviews:

1. The Contractor shall allow a team or person authorized by DHHS to periodically review the Contractor's systems of governance, administration, data collection and submission, clinical, and financial management in order to assure systems are adequate to provide the contracted services.
2. Reviews shall include, but not be limited to, client record reviews to measure compliance with this exhibit.
3. The Contractor shall make corrective actions as advised by the review team if contracted services are not found to be provided in accordance with this exhibit.
4. DHHS staff shall contact the Contractor in advance of the site visit, so that the Contractor shall have sufficient time to prepare any guidance/reporting systems or logs that will be reviewed at the site visit.

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[Handwritten Signature]
5-18-2014



Exhibit B Amendment #2

Method and Conditions Precedent to Payment

The State shall pay the Contractor an amount not to exceed the Price Limitation, block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services, and in accordance with Exhibit B.

Funding for this Agreement is funded by various sources as a percentage of the total amount of \$251,450 as follows:

- 46 % Federal Funds from the Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant (CFDA #93.959);
- 22 % General Governor's Commission on Alcohol and Drug Abuse Prevention, Intervention and Treatment Funds; and
- 32 % General funds.

I. Payment Methodology

The Contractor shall be reimbursed for providing and delivering the services listed in Exhibit A, paragraph B. The following terms and conditions detailed in this Exhibit B shall apply to all services unless expressly stated otherwise.

The Contractor shall agree to use and apply all contract funds from the State for costs and expenses as detailed in the Service Reimbursement Table below. Allowable costs and expenses shall be determined by the State in accordance with applicable state and federal laws and regulations. Starting in State Fiscal Year 2015 (effective July 1, 2014) the contractor will receive a payment for each service at the rates and within the limits described below. For clients receiving DHHS supported services, the contractor may not charge the client, any 3rd party payor, and DHHS a combined rate that is more than the rate established by BDAS for that level of service or any other fees. These parties shall be charged in the following order:

1. The maximum allowed charge will be billed to the client's insurer, if applicable.
2. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
3. The balance of the maximum allowed charge, after deducting the client's portion and insurance payment, if applicable, shall be charged to DHHS.

Service Reimbursement Table - A check mark indicates the services and corresponding rates the Contractor will be reimbursed for.

Check mark indicates applicable service	Service	DHHS Established Rate	Service Limit
X	Evaluation	\$225	1 every 90 days
X	Outpatient – Individual	\$18.75/unit***	\$190 of combined individual & group/week
X	Outpatient – Group	\$5.00/unit	
X	Intensive Outpatient*	\$80.00/day	\$320 (4 days)/week
X	Low-Intensity Residential – Adult	\$100.00/day	\$700 (7 days) /week



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X	Low-Intensity Residential – Adolescent	\$128.00/day	\$896 (7 days) /week
	High-Intensity Residential – Adult	\$130.00/day	\$910 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Room & Board Only	\$66.00/day	\$462 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Clinical Services	\$162.60/day	\$1138.20 (7 days) /week
	Medium Intensity Residential – Adolescent	\$170.00/day	\$1190 (7 days) /week
	Recovery Support Services		
X	Individual	\$15.00/unit	\$160 of combined individual & group/week
X	Group	\$5.00/unit	
X	Continuous Recovery Monitoring – Attempted**	\$15.00/contact	\$60 of combined attempted and completed/month for the first 6 months post discharge
X	Continuous Recovery Monitoring – Completed	\$15.00/contact	
	Enhanced Services	Varied	

* Providers may bill the per diem rate for Intensive Outpatient Treatment services only on those days when the client attends individual and/or group counseling associated with the program. It is expected that each day of attendance includes a minimum of 3 hours of group and/or individual counseling services.

**Attempted Contact is at least 3 attempts to contact a client over the course of at least one week.

*** A unit is equal to 15 minutes of service

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. Failure to meet this requirement may result in amendment to or termination of the contract. At a minimum, contractors must provide the array of services they contracted to provide for in SFY14.

1. Performance Incentives:

A. Access to Services:

Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received and shall conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact. For each client who screens eligible for



Exhibit B Amendment #2

services and starts receiving services, whether for the identified level of care or interim services, within 10 business days following the eligibility screening, the treatment contractor will receive an incentive payment of \$75.00. Access incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

B. Completion:

For each client who is discharged from the program because they have completed treatment or transferred to another treatment provider as recorded in the Discharge Type field of the WITS Discharge Module, the treatment contractor will receive an incentive payment of \$75.00. Completion incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

C. Client Outcomes:

If a client who was discharged from the program meets at least 3 of the Outcome criteria below in the 3rd and/or 6th month post-discharge, as evidenced by the WITS Follow-Up module, the treatment contractor will receive an incentive payment in the amount of \$50. The 3rd month post discharge is considered to be 60 – 120 days post discharge. The 6th month post discharge is considered to be 150 – 210 days post discharge. Outcomes incentives will be calculated and paid on a monthly basis for clients meeting criteria in the previous calendar month. It is expected that at least 50% of discharged clients will be contacted for 3 and/or 6 month follow-up over the contract year.

- i. Abstinence: The client reports reduced or no substance use in the past 30 days.
- ii. Employment/Education: The client reports increased or retained employment or the client reports returning to or staying in school.
- iii. Crime and Criminal Justice: The client reports no arrests in the past 30 days.
- iv. Stability in Housing: The client reports being in stable housing.
- v. Social Connectedness: The client reports engagement in Recovery Support Services, Care Coordination, and/or Community Based Support Groups in the past 30 days.

D. Performance Incentive Payout Limits:

Performance incentives are limited to no more than 6% of the total contract amount annually. The total amount paid out during the contract year will never exceed the total contract amount. DHHS is not obligated to make payment for any incentives that occur outside of the current contract year; however, incentives may be carried over to future contract years at the discretion of DHHS.

2. Failure to Meet Deliverables:

The Contractor shall comply with all contract requirements as detailed in Exhibit A section B, Required Services. Upon determination that Contractor may not be meeting the required deliverables, within two (2) weeks BDAS will provide a written correction action plan. Within two (2) weeks of notification of the corrective action plan, Contractor will provide a written remedial plan. BDAS will monitor the corrective actions for 60 days. Failure to meet requirements of the corrective action plan within 60 days may result in withholding of any or all payments or termination of the contract.

3. Invoicing & Billing:

All billing shall be completed via the WITS system according to protocols established by BDAS.



Exhibit B Amendment #2

The Contractor shall have written authorization from the State prior to using contract funds to purchase or lease any equipment with a cost in excess of two thousand five hundred dollars (\$2500) and with a useful life beyond one year.

II. Allocation of Funding:

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. The contractor is prohibited from spending down more than the sum of the total contract amount that includes the cost of the client services and related incentives.

III. Availability of Alternative Funding:

The New Hampshire Department of Health and Human Services may terminate or amend the contract should alternate third party payors, including Medicaid, the New Hampshire Health Protection Program and/or insurance available on the New Hampshire Insurance Exchange cover any of the services included in this contract.

IV. Limitations and restrictions of federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds:

The Contractor agrees to use the SAPT funds as the payment of last resort.

Restrictions on SAPT Block Grant on State and Contractor expenditures include:

The State may not:

- Provide inpatient hospital services except under those conditions outlined in the regulations.
- Make cash payments to intended recipients of substance abuse services.
- Purchase or improve land.
- Purchase, construct, or permanently improve buildings or other facilities.
- Purchase major medical equipment.
- Satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds. (in-kind)
- Provide financial assistance to any entity other than a public or non-profit private entity.
- Provide individuals with hypodermic needles or syringes.
- Expend more than the amount of Block Grant funds expended in FFY91 for treatment services provided in penal or correctional institutions of the State.

The Contractor shall not:

- Use any federal funds provided under this contract for the purpose of conducting testing for the etiologic agent for Human Immunodeficiency Virus (HIV) unless such testing is accompanied by appropriate pre and post-test counseling.
- Use any federal funds provided under this contract for the purpose of conducting any form of needle exchange, free needle programs or the distribution of bleach for the cleaning of needles for intravenous drug abusers.

V. Charitable Choice:



Exhibit B Amendment #2

Federal Charitable Choice statutory provisions ensure that religious organizations are able to equally compete for Federal substance abuse funding administered by SAMHSA, without impairing the religious character of such organizations and without diminishing the religious freedom of SAMHSA beneficiaries (see 42 USC 300x-65 and 42 CFR Part 54 and Part 54a, 45 CFR Part 96, Charitable Choice Provisions and Regulations). Charitable Choice statutory provisions of the Public Health Service Act enacted by Congress in 2000 are applicable to the SAPT Block Grant program. No funds provided directly from SAMHSA or the relevant State or local government to organizations participating in applicable programs may be expended for inherently religious activities, such as worship, religious instruction, or proselytization. If an organization conducts such activities, it must offer them separately, in time or location, from the programs or services for which it receives funds directly from SAMHSA or the relevant State or local government under any applicable program, and participation must be voluntary for the program beneficiaries.

- VI. Notwithstanding paragraph 18 of the General Provisions of this Agreement P-37, an amendment limited to adjusting amounts within the budgets and within the price limitation, can be made by written agreement of both parties and may be made without obtaining approval of Governor and Executive Council.

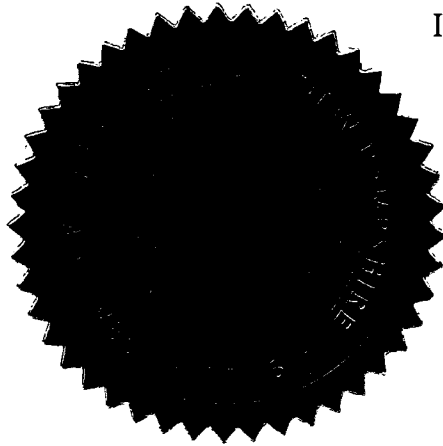
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State of New Hampshire

Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that HEADREST is a New Hampshire nonprofit corporation formed April 27, 1972. 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 14th day of May A.D. 2014

A handwritten signature in cursive script, reading "Wm Gardner", written in dark ink.

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

I, JOHN F. CREAGH, PRESIDENT, do hereby certify that:
(Name of the elected Officer of the Agency; cannot be contract signatory)

1. I am a duly elected Officer of HEARTREST, INC.
(Agency Name)

2. The following is a true copy of the resolution duly adopted at a meeting of the Board of Directors of the Agency duly held on JUNE 27, 2013
(Date)

RESOLVED: That the Ed Krustek, Executive Director
(Title of Contract Signatory)

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

3. The forgoing resolutions have not been amended or revoked, and remain in full force and effect as of the 19th day of May, 2014.
(Date Contract Signed)

4. Ed Krustek is the duly elected Executive Director
(Name of Contract Signatory) (Title of Contract Signatory)

of the Agency.

John F. Creagh
(Signature of the Elected Officer)

STATE OF NEW HAMPSHIRE

County of Crafton

The forgoing instrument was acknowledged before me this 19th day of May, 2014.

By John F. Creagh
(Name of Elected Officer of the Agency)

Patricia L. Jordan
(Notary Public/Justice of the Peace)

(NOTARY SEAL)

PATRICIA L. JORDAN, Notary Public
My Commission Expires October 20, 2015

Commission Expires: _____



HEADINC-01

PSMITH

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

5/12/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER A. B. Gile, Inc. PO Box 66 Hanover, NH 03755	CONTACT NAME:	
	PHONE (A/C, No, Ext): (603) 643-4540 FAX (A/C, No): (603) 643-6382	
INSURED Headrest, Inc. 14 Church Street Lebanon, NH 03766	E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A: Philadelphia Insurance Co.	
	INSURER B: First Comp	
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

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

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY			PHPK1049465	07/15/2013	07/15/2014	EACH OCCURRENCE \$ 1,000,000
	☒ COMMERCIAL GENERAL LIABILITY		DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000				
	☐ CLAIMS-MADE ☒ OCCUR		MED EXP (Any one person) \$ 5,000				
	☒ Professional Liab		PERSONAL & ADV INJURY \$ 1,000,000				
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE \$ 3,000,000
	☐ POLICY ☐ PROJECT ☐ LOC						PRODUCTS - COMP/OP AGG \$ 3,000,000
A	AUTOMOBILE LIABILITY			PHPK1049465	07/15/2013	07/15/2014	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	☐ ANY AUTO		BODILY INJURY (Per person) \$				
	☐ ALL OWNED AUTOS	☒ SCHEDULED AUTOS	BODILY INJURY (Per accident) \$				
	☒ HIRED AUTOS	☒ NON-OWNED AUTOS	PROPERTY DAMAGE (PER ACCIDENT) \$				
A	☒ UMBRELLA LIAB ☒ OCCUR		PHUB428580	07/15/2013	07/15/2014	EACH OCCURRENCE \$ 3,000,000	
	☐ EXCESS LIAB ☐ CLAIMS-MADE					AGGREGATE \$ 3,000,000	
	DED ☒ RETENTION \$ 10,000						
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			WC0137334-02	07/15/2013	07/15/2014	☒ WC STATUTORY LIMITS ☐ OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N	E.L. EACH ACCIDENT \$ 500,000				
	If yes, describe under DESCRIPTION OF OPERATIONS below	☒ Y	E.L. DISEASE - EA EMPLOYEE \$ 500,000				
			E.L. DISEASE - POLICY LIMIT \$ 500,000				

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Workers Compensation Covered States- 3A Part One: NH. 3C Part Three: No coverage afforded for other states. Excluded Officers: Board of Directors.

EVIDENCE OF INSURANCE**CERTIFICATE HOLDER****CANCELLATION**

State of New Hampshire
DHHS
129 Pleasant Street
Concord, NH 03301

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

AUTHORIZED REPRESENTATIVE

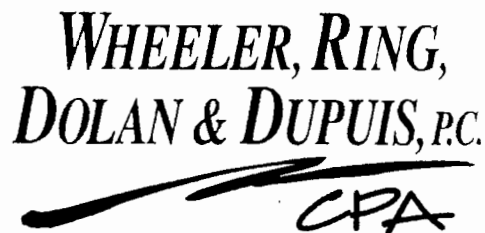
Hyemgo

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HEADREST, INC.
AUDITED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 AND 2012

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Board of Directors
Headrest, Inc.
Lebanon, New Hampshire 03766

We have audited the accompanying statements of financial position of Headrest, Inc. as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Headrest's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Headrest, Inc. as of June 30, 2013 and 2012, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information included in the schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wheeler, Ring, Dolan & Dupuis, PC

Wheeler, Ring, Dolan & Dupuis, P.C.

Manchester, N. H. 03104
August 29, 2013

HEADREST, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

Assets	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash	\$ 105,685	\$ 78,983
Accounts Receivable	50,365	62,465
Prepaid expenses	<u>8,545</u>	<u>8,031</u>
 Total current assets	 <u>164,595</u>	 <u>149,479</u>
 Assets Limited as to Use	 124,622	 124,287
 PROPERTY AND EQUIPMENT		
Land	19,010	19,010
Building and improvements	229,467	229,467
Furniture, fixtures and equipment	<u>135,801</u>	<u>135,801</u>
Total property and equipment	384,278	384,278
Less accumulated depreciation	<u>291,131</u>	<u>284,103</u>
	<u>93,147</u>	<u>100,175</u>
 OTHER ASSETS, loan origination fee, net of Amortization 2013 and 2012	 <u>1,262</u>	 <u>1,389</u>
 TOTAL ASSETS	 <u><u>\$383,626</u></u>	 <u><u>\$ 375,330</u></u>

See Independent Auditors' Report and Notes to Financial Statements

HEADREST, INC.
STATEMENTS OF FINANCIAL POSITION
(continued)
JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Notes payable and current portion of		
Long-term debt	\$ 8,021	\$ 7,713
Accrued payroll and related expenses	<u>36,638</u>	<u>34,346</u>
Total Current Liabilities	44,659	42,059
LONG-TERM DEBT, net of current portion	<u>89,663</u>	<u>97,647</u>
Total liabilities	<u>134,322</u>	<u>139,706</u>
NET ASSETS		
Unrestricted net assets	<u>249,304</u>	<u>235,624</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$383,626</u>	<u>\$375,330</u>

See Independent Auditors' Report and Notes to Financial Statements

HEADREST, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
REVENUE AND SUPPORT		
State contracts	\$ 317,845	\$ 313,130
Local government grants	121,351	108,909
Private foundations	46,000	85,255
United Way	17,968	35,255
Service fees	138,552	130,735
Contributions	83,858	121,695
Interest and dividend income	<u>387</u>	<u>572</u>
Total revenue and support	<u>725,961</u>	<u>795,551</u>
EXPENSES		
Program Services:		
Outpatient	424,337	459,271
CMRD	<u>175,121</u>	<u>187,893</u>
Total program services	<u>599,458</u>	<u>647,164</u>
Supporting Services:		
General and administrative	97,383	103,846
Fundraising	<u>15,440</u>	<u>19,679</u>
Total supporting service	<u>112,823</u>	<u>123,525</u>
Total expenses	<u>712,281</u>	<u>770,689</u>
Increase (Decrease) in Unrestricted Net Assets	13,680	24,862
Unrestricted Net Assets, beginning of year	<u>235,624</u>	<u>210,762</u>
Unrestricted Net Assets, end of year	<u>\$ 249,304</u>	<u>\$ 235,624</u>

See Independent Auditors' Report and Notes to Financial Statements

HEADREST, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 13,680	\$ 24,862
Adjustments to reconcile excess of revenues and support over expenses to net cash provided by operating activities:		
Depreciation and amortization	7,155	8,882
Assets limited as to use	(335)	(44,268)
Changes in operating assets and liabilities:		
(Increase) Decrease in accounts receivable	12,100	(18,483)
(Increase) Decrease in prepaid expenses	(514)	1,405
Increase (Decrease) in accrued expenses	<u>2,292</u>	<u>1,788</u>
Net Cash Provided by Operating Activities	<u>34,378</u>	<u>(25,814)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	-----	(5,587)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term notes payable	<u>(7,676)</u>	<u>(6,730)</u>
Net Increase (Decrease) in Cash	26,702	(38,131)
Cash at Beginning of Year, unrestricted	<u>78,983</u>	<u>117,114</u>
Cash at End of Year, unrestricted	<u>\$105,685</u>	<u>\$ 78,983</u>
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION		
Cash paid during the years for:		
Interest	<u>\$ 4,434</u>	<u>\$ 7,176</u>

See Independent Auditors' Report and Notes to Financial Statements

HEADREST, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 1 – NATURE OF ORGANIZATION

Headrest, Inc. ("Headrest") is a New Hampshire nonprofit corporation that provides information and referral, crisis intervention and other related services through the use of a telephone hotline and office visitations. Headrest also provides counseling and emergency shelter to transients, and information to the community relating to drugs and alcohol.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Headrest is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of Headrest's management who is responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

The financial statements of Headrest have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below.

Financial statement presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, Headrest is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are comprised of operating revenues and expenses and contributions pledged which are not subject to any donor-imposed restrictions. Headrest, Inc. currently has \$249,304 and \$235,624 unrestricted net assets as of June 30, 2013 and 2012, respectively.

Temporary restricted net assets are comprised of contributions and gifts for which donor-imposed restrictions will be met either by the passage of time or the actions of the Organization. Headrest, Inc. currently has no temporarily restricted net assets as of June 30, 2013 and 2012, respectively.

HEADREST, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Permanently restricted net assets include those assets for which donor-imposed restrictions stipulate that the asset be permanently maintained by the Organization. Headrest, Inc. has no permanently restricted net assets as of June 30, 2013 and 2012.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash equivalents – For purposes of the statement of cash flows, Headrest considers all short-term investments with an original maturity of three months or less to be cash equivalents. At June 30, 2013 and 2012 there were no cash equivalents.

Allowance for doubtful accounts – Headrest considers accounts receivable to be fully collectible, accordingly, no allowance for doubtful accounts is required.

Depreciation and fixed assets – Property and equipment are stated at cost if purchased and at fair market value on the date of the donations if donated. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted or temporarily restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Headrest reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Headrest reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is computed using straight-line and accelerated methods based on the estimated useful life of each asset. Estimated useful lives used for building and improvements are ten to thirty- nine years and for furniture and fixtures three to seven years.

Public support and revenue – All contributions are considered to be available or unrestricted use unless specifically restricted by the donor.

Income taxes – The Organization is a not-for-profit organization that is exempt from income taxes under Section 501©(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for

HEADREST, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more –likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and the state jurisdiction where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2013.

Donated services and materials - Donated supplies and equipment are reflected as contributions in the accompanying financial statements at their estimated fair market values.

Functional expenses – Functional and administrative expenses have been allocated among program services based on an analysis of personnel time and space utilized for the activities.

NOTE 3 – LINE OF CREDIT

The Organization has a \$50,000 line of credit with a local bank through January 30, 2014, collateralized by all assets, with interest at Wall Street Journal prime. There was no outstanding balance at June 30, 2013 or 2012.

NOTE 4 – NOTES PAYABLE AND LONG-TERM DEBT

Notes payable and long-term debt consisted of the following as of:	June <u>2013</u>	June <u>2012</u>
Mortgage note payable with bank with interest at 4% dated July 31, 2003 and due July 15, 2023 with monthly installments of principal and interest of \$982, secured by all assets of the organization.	\$ <u>97,684</u>	\$ <u>105,360</u>
Less current maturities	<u>8,021</u>	<u>7,713</u>
Long-term debt, less current maturity	\$ <u>89,663</u>	\$ <u>97,647</u>

HEADREST, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 4 – NOTES PAYABLE AND LONG-TERM DEBT (CONTINUED)

Scheduled principal repayments on long-term debt for the next five years and thereafter follows:

Year Ending <u>June 30</u>	
2014	\$ 8,021
2015	8,348
2016	8,685
2017	9,047
2018	9,412
Thereafter	<u>54,171</u>
Total	<u>\$ 97,684</u>

NOTE 5 – COMPENSATED ABSENCES

Employees of Headrest are entitled to paid personal days depending on length of service and other factors. The accrued expense for compensated absences for the fiscal years ended June 30, 2013 and 2012 were \$19,147 and \$22,013 respectively. No more than 240, 180 and 120 hours for full time, $\frac{3}{4}$ time and $\frac{1}{2}$ time employees, respectively, of personal leave may be carried over from the previous year's employment calculated on a calendar year basis.

NOTE 6 – MAJOR GRANTORS

A Substantial portion of Headrest's revenue comes from the Department of Health and Human Services of the State of New Hampshire. For the years ended June 30, 2013 and 2012 revenue from the contract was approximately 35% and 32%, respectively of total revenue.

NOTE 7 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 29, 2013, the date which the financial statements were available to be issued.

HEADREST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	Program Services			Supporting Services			Combined Total 2013	Combined Total 2012
	Outpatient	CMRD	Total Program Services	General & Administrative	Fund Raising	Total Support Services		
Personnel	\$298,814	\$99,125	\$397,939	\$35,301	\$11,222	\$46,523	\$444,462	\$466,202
Fringe benefits	43,752	14,514	58,266	5,169	1,643	6,812	65,078	76,351
Payroll taxes	24,603	8,162	32,765	2,907	924	3,831	36,596	39,387
Insurance	19,400	6,436	25,836	2,292	729	3,021	28,857	26,277
Professional fees	3,960	-	3,960	19,375	-	19,375	23,335	23,936
Travel	12,394	880	13,274	4,820	-	4,820	18,094	29,252
Communications	1,310	3,238	4,548	3,035	-	3,035	7,583	8,219
Supplies	4,450	5,675	10,125	9,749	-	9,749	19,874	18,986
Repairs and maintenance	4,413	7,402	11,815	2,419	-	2,419	14,234	19,836
Printing and reproduction	-	-	0	1,353	922	2,275	2,275	2,451
Occupancy	5,024	8,427	13,451	2,754	-	2,754	16,205	16,785
Food	-	12,264	12,264	531	-	531	12,795	13,667
Laundry	-	2,225	2,225	-	-	-	2,225	1,020
Marketing	-	-	0	1,653	-	1,653	1,653	3,730
Membership dues and fees	0	225	225	710	-	710	935	4,843
Professional development	2,314	-	2,314	3,174	-	3,174	5,488	3,464
Miscellaneous	-	-	0	-	-	0	0	225
Interest	1,685	2,827	4,512	925	-	925	5,437	7,176
Depreciation	2,218	3,721	5,939	1,216	-	1,216	7,155	8,882
	<u>\$424,337</u>	<u>\$175,121</u>	<u>\$599,458</u>	<u>\$97,383</u>	<u>\$15,440</u>	<u>\$112,823</u>	<u>\$712,281</u>	<u>\$770,689</u>

See Independent Auditors' Report and Notes to Financial Statements
-10-



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate
Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

G&C Approved

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

Date

6/5/13

Item #

102A

102A
50.6% Federal
47.4% General

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug and Alcohol Services, to exercise renewal options with vendors by increasing the price limitations by \$7,596,887 in aggregate from \$7,596,890 in aggregate to \$15,193,777 in aggregate for a continuum of substance abuse treatment services state-wide and extending the completion date from June 30, 2013 to June 30, 2014, effective July 1, 2013 or date of Governor and Council approval, whichever is later.

Summary of contracted amounts by vendor:

<u>Vendor</u>	<u>Amount</u>
Child and Family Services of New Hampshire	\$86,803
Concord Hospital, Inc.	\$74,406
Families First of the Greater Seacoast	\$28,922
Families in Transition	\$332,530
Greater Nashua Council on Alcoholism	\$1,356,945
Headrest, Inc.	\$251,450
Horizons Counseling Center, Inc.	\$189,576
Manchester Alcoholism Rehabilitation Center	\$1,120,599
The Mental Health Center of Greater Manchester, Inc.	\$27,114
Monadnock Family Services	\$97,819
Northern Human Services	\$199,025
Phoenix Houses of New England, Inc.	\$1,457,490
National Council on Alcoholism and Drug Dependence of Greater Manchester	\$432,468
Southeastern New Hampshire Alcohol and Drug Abuse Services	\$1,329,836
Tri-County Community Action Programs, Inc.	\$611,904
TOTAL	\$7,596,887

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 2 of 4

Funds to support this request are anticipated to be available in the following accounts in SFY 2014 upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts within the price limitation and amend the related terms of the contracts without further approval from Governor and Executive Council.

05-95-49-491510-2989 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, GOVERNOR COMMISSION FUNDS (100% General Funds)

05-95-49-491510-2990 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, CLINICAL SERVICES (34.4% General 65.6% Federal)

Please see attachment for financial details

EXPLANATION

The requested action seeks approval of 15 of 17 agreements that represent \$7,596,887 of the \$7,741,314 total anticipated to be spent state-wide to provide a continuum of substance abuse treatment services via the accounting codes listed. These services include community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children. This request seeks to exercise the renewal option that exists within each of the vendor contracts. The Department anticipates that the remaining two agreements will be presented to Governor and Executive Council on June 19, 2013.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, these contracts will continue to allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 3 of 4

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

The vendors were originally selected for this agreement through a competitive bid process. This request covers services for the period July 1, 2013 to June 30, 2014, and anticipates exercising the option to renew for one additional year as provided all of the previous vendor contracts, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with the listed vendors in State Fiscal Year 2013 in the amount of \$7,741,314 in the aggregate. This agreement represents level funding of all vendors.

The following performance measures will be used to measure the effectiveness of the agreements:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for I intensive outpatient treatment services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 4 of 4

Contractors, with the exception of those agencies that only offer outpatient services, are required to develop the capacity for group recovery support aftercare services for a minimum of 25% of the number treatment clients (including outpatient and transitional living program clients) they are under contract to serve. Group recovery support aftercare services are services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Recovery Support Services include, but are not limited to, guidance in financial management, parenting, vocational training, life management and spiritual counseling as well as transportation and child-care. These group recovery support services are for clients discharged from substance use disorder treatment services provided under contract with the Bureau of Drug and Alcohol Services on behalf of the Department, which may include clients that had received SUD treatment from the Contractor or a different agency. Contractors are only allowed to access these services for their clients or clients that had received substance use disorder treatment from a different agency through the statewide care coordination program under agreement with the Bureau of Drug and Alcohol Services on behalf of the Department.

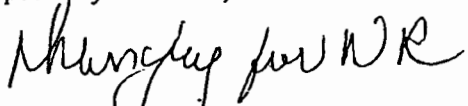
All treatment programs under contract with the Bureau of Drug and Alcohol Services on behalf of the Department are required to report on the National Outcome Measures (see attached) established by the Substance Abuse and Mental Health Services Administration, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the Electronic Health Record/Web Infrastructure Treatment System. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions. The Contractor is expected to meet or exceed these percentages as measured by the Electronic Health Record/Web Infrastructure Treatment System.

Area served: State-wide

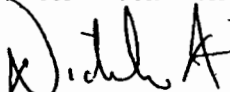
Source of Funds: 52.6% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant and 47.4% General .

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

Respectfully submitted,


Nancy L. Rollias
Associate Commissioner

Approved by:


Nicholas A. Toumpas
Commissioner



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES
BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

May 24, 2012

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

Approved by: GTC
Date: 6/20/12
Item No.: 97
Contract No.: 1024/54

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug & Alcohol Services, to enter into an agreement with Headrest, Inc. (Vendor # 175226), 14 Church Street, Lebanon, NH 03766, to provide for a continuum of substance abuse treatment services, in an amount not to exceed \$251,450.00 to be effective July 1, 2012 or date of Governor and Council approval, whichever is later, through June 30, 2013. Funds are available in the following accounts for State Fiscal Year 2013:

05-95-95-958410-5365 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, ALCOHOL AND OTHER TREATMENT

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95846501	\$115,654.00
			Subtotal	\$115,654.00

05-95-95-958410-1388 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT AND PREVENTION, GOVERNOR

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95848501	\$56,413.00
			Subtotal	\$56,413.00

05-95-95-958410-1387 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, TREATMENT-PREVENTION-STATE

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95841387	\$79,383.00
			Subtotal	\$79,383.00
			Total	\$251,450.00

A total of 19 proposals were received. A review committee of three professionals reviewed each proposal. All reviewers have between three to twenty years experience managing agreements with vendors for various public health programs. Areas of specific expertise include: maternal and child health; substance abuse prevention and treatment; chronic and communicable diseases; and public health infrastructure. Eighteen of the proposals were selected for funding based on review criteria that included availability of funds, consistency with stated funding priorities, technical score, and equitable geographic distribution. The agency that was not selected did not meet the minimum scoring criteria established for funding. The Bid Summary is attached.

This request covers services for the period July 1, 2012 to June 30, 2013, with an option to renew for one additional year, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with this agency in State Fiscal Year 2012 in the amount of \$251,450.00. This agreement represents level funding.

The following performance measures will be used to measure the effectiveness of the agreement:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services (OP)
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services (IOP) – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for IOP services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Area served: Lebanon Area.

RFP VAREP CRITERIA		Max Pts																		
Experience and Capacity	15	14.00	13.00	15.00	13.00	13.00	11.00	12.00	12.00	14.00	15.00	13.00	15.00	12.00	15.00	12.00	13.00	12.00	13.00	10.00
	50	42.00	46.00	48.00	47.00	47.00	41.00	47.00	42.00	46.00	40.00	43.00	48.00	45.00	48.00	38.00	42.00	27.00	42.00	27.00
Budget	25	24.00	25.00	24.00	23.00	23.00	23.00	18.00	20.00	18.00	25.00	19.00	24.00	16.00	22.00	23.00	23.00	23.00	15.00	15.00
	10	7.50	8.30	9.00	10.00	7.00	7.50	6.90	8.30	9.50	9.00	6.50	9.50	7.20	6.50	7.50	8.30	5.60	8.30	5.60
Financial Sustainability	100	88.00	92.00	97.00	97.00	90.00	82.00	70.00	86.00	84.00	89.00	82.00	97.00	81.00	83.00	93.00	81.00	87.00	58.00	58.00
Total																				

BUDGET REQUEST	\$120,236	\$85,000	\$27,207	\$406,796	\$2,321,666	\$47,050	\$116,413	\$1,750,112	\$235,000	\$245,963	\$30,000	\$152,454	\$244,501	\$2,615,553	\$512,951	\$1,329,336	\$87,567	\$747,691	\$930,630
BUDGET AWARDED	\$86,803	\$74,406	\$25,922	\$322,530	\$2,321,666	\$47,050	\$116,413	\$1,750,112	\$235,000	\$245,963	\$30,000	\$152,454	\$244,501	\$2,615,553	\$512,951	\$1,329,336	\$87,567	\$747,691	\$930,630

Name	Job Title	Dept/Agency	Qualifications
1 Tym Rourke	Sub. Use Disorders	Grantmaking/GC	All reviewers have
2 Pamela Sullivan	Youth Counselor	SYDC	between 3-20 years
3 Heidi Young	Program Specialist	DCYF	experience managing
4 Bernie Blinn	Prog. Planner/Rev. Spec.	Family Services	agreements with
5 Alan West, Ph.D.	Psychologist/VA	TX/Co-occurring	vendors for various
6 Mary Miller	Prog. Spec. IV	OCPH	DHHS and DOC
7 Michelle Riccio	Prog. Spec. IV	DPHS	programs. Areas of
8 Kathleen Hessefort	Internal Auditor I	BDAS/FBO	specific expertise
9 Lindy Keller	Administrator I	BDAS-RAD	include Maternal and
10 Michael Lawless	Prog. Spec. IV	BDAS/CSU	Child Health;
11 Bruce Blaney	Regional Coordinator	BDAS-CSU	Substance Abuse
12 Jim Shanahan	Administrator I	BDAS-FBOU	
13 Linda Parker	Prog. Spec. IV	BDAS-CSU	
14 Rosemary Shannon	Administrator I	BDAS-CSU	
15 Rob O'Hannon	ATR Prog. Spec.	BDAS/ATR	
16 Jaime Powers	Tx&Rec. Serv. Coord.	BDAS/ATR	
17 John Sweeney	Systems Dev.	BDAS/IT	
18 Michael Rodgers	Assistant Administrator	BDAS	
19 Jeffrey Metzger	Sr. Mngt. Analyst	BDAS/PSU	
20 Ann Crawford	Regional Coordinator	BDAS/PSU	
21 Valerie Morgan	Administrator I	BDAS/PSU	

RFP Reviewers



**State of New Hampshire
Department of Health and Human Services
Amendment #2 to the Substance Use Disorder Treatment and Recovery Support Services
Contract**

This 2nd Amendment to the Substance Use Disorder Treatment and Recovery Support Services contract (hereinafter referred to as "Amendment 2") dated this 15th day of May 2014, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Horizons Counseling Center, Inc. (hereinafter referred to as "the Contractor"), a non-profit corporation with a place of business at 25 Country Club Road, Suite 705, Gilford, NH 03249.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on June 20, 2012, (item # 99) and amended by an agreement (Amendment #1 to the Contract) approved on June 5, 2013, (Item # 102A), 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, the State may amend the Contract by written agreement of the parties; and;

WHEREAS, the parties agree to extend the current contract by one year.

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:

- 1) Amend Form P-37, Block 1.6 to read:
 - a) 05-95-49-491510-29890000-102-500734
 - b) 05-95-49-491510-29900000-102-500734
- 2) Amend Form P-37, Block 1.7 to read June 30, 2015.
- 3) Amend Form P-37, Block 1.8 to read \$568,728
- 4) Delete Exhibit A and replace with Exhibit A Amendment #2
- 5) Delete Exhibit B and replace with Exhibit B Amendment #2

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

5/28/14
Date

John L. Rockwell
NAME
TITLE Director.

Horizons Counseling Center, Inc.

5/21/2014
Date

David Parisi
NAME ~~officer~~ David Parisi
TITLE President

Acknowledgement:

State of NH, County of Bell on May 21, 2014, 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

Kirstin Dickson
Name and Title of Notary or Justice of the Peace

KIRSTIN DICKSON, Notary Public
My Commission Expires October 6, 2015

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

OFFICE OF THE ATTORNEY GENERAL

6-2-14
Date

Rosemary Wiant
Name: Rosemary Wiant
Title: Assistant Attorney General

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:

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



Exhibit A Amendment #2

Scope of Services

A. Population Served

Services are available to New Hampshire residents who meet diagnostic, financial, and other eligibility criteria for Department of Health and Human Services supported substance use disorder services as defined in Section C, Clients Eligible for Treatment Services.

B. The Contractor shall provide treatment services as identified below:

Service Table - An "X" denotes that the Contractor shall provide that service(s) to eligible individuals in accordance with all applicable laws, rules, and regulations and terms and conditions of this Agreement.

Required Services	Treatment Services
X	Outpatient Treatment (ASAM Level 1) - Substance abuse treatment services provided in individual and group counseling sessions in a non-residential setting. Clients may be enrolled in outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Outpatient Treatment (ASAM Level 1) – Pregnant & Parenting Women – Outpatient Treatment as identified above provided to pregnant & parenting women.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – A combination of individual and group substance abuse treatment services conducted in an outpatient setting for a minimum of 3 hours of direct client treatment services per day for a minimum of three days per week. Clients receiving less than this level of service should be enrolled in an outpatient program. Clients may be enrolled in intensive outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – Pregnant & Parenting Women - Intensive Outpatient Treatment as identified above provided to pregnant & parenting women.
	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Residential substance abuse treatment services are designed to support individuals in the early stages of recovery that need this residential level of care and/or are homeless. The goal of these programs is to prepare clients to become self-sufficient in the community. Clients may be enrolled in low-intensity residential treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days. Residents typically work in the community and may pay a portion of their room and board.
	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Pregnant Women - Low-Intensity Residential Treatment as identified above provided to

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



Exhibit A Amendment #2

	pregnant & parenting women.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Short-term residential substance abuse treatment designed to assist individuals who require a more intensive level of service in a structured setting and/or individuals that may be homeless. Admission is on a voluntary basis. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Pregnant Women - High-Intensity Residential – Adult and Medium Intensity Residential – Adolescent as identified above provided to pregnant women.
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5) - Residential treatment services for pregnant and parenting women and their children. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Recovery Support Services: Group or individual services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Examples of recovery support services include, but are not limited to: assisting clients with enrollment in Medicaid, the New Hampshire Health Protection Program (NHHPP), or private insurance, anger management, financial management, communication skills, spiritual support, parenting skills, health management, case management, organization and time management, recovery coaching, recovery mentoring, stress management, and vocational services. Programs may focus on a single recovery support service or provide a curriculum that includes an array of recovery support services. Types of Recovery Support Services are listed below:
X	Continuous recovery monitoring services are regular follow-ups with clients to assess the status of the client's recovery, identify any needs the client may have and help the client to address those needs, and provide early intervention for client's who have relapsed or who's recovery is otherwise at risk.
	Enhanced Services are specialized services that remove barriers to a client's participation in treatment. Examples of these services are child care while a parent is participating in treatment or transportation to and/or from the treatment site.
X	Recovery Support Services as identified above provided to pregnant & parenting women.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

C. Required Services

Priority Admission:

- 1) The Contractor shall give admission preference to pregnant women and women with dependent children, even if the children are not in their custody, as long as parental rights have not been terminated, including the provision of interim services within the required 48 hour time frame.
- 2) Individuals with a history of injection drug use including the provision of interim services within 14 days.
- 3) Individuals with a primary diagnosis of a substance use disorder, which may also include a co-occurring mental health disorder.
- 4) Individuals on medication-assisted treatment for co-occurring substance abuse and mental health disorders or various opiate replacement therapies, including, but not limited to, methadone, buprenorphine and naltrexone.

Required Outreach:

New Hampshire Department of Health & Human Services (DHHS) programs receiving federal treatment Block Grant funds requires that Contractors must publicize services available to pregnant or parenting women and injection drug users in need of substance abuse treatment and that these individuals receive preference for admission to treatment. This may be done as follows, but is not limited to, street outreach programs, ongoing public service announcements (radio/television), regular advertisements in local/regional print media, posters placed in targeted areas, and frequent notification of availability of such treatment distributed to the network of community based organizations, health care providers and social service agencies. The Contractor will submit their outreach plans to DHHS through the Bureau of Drug and Alcohol Services (BDAS) within 60 days of contract effective date.

Health Facilities Administration Licensing Requirements:

Housing programs with substance abuse treatment services at the same location will need to secure necessary licensing as a Residential Rehabilitation Facility by the DHHS Bureau of Health Facilities Administration, as appropriate, see He-P 807 at the following link: (http://www.gencourt.state.nh.us/rules/state_agencies/he-p800.html). Any contractor with an American Society of Addiction Medicine (ASAM) (October 2013) Level 3.3 or higher level program must secure this licensing for all Level 3 programs housed within the same facility as the Level 3.3 program. In the case of residential treatment and housing at the same site, residential programs should plan to treat no more than 16 pregnant or parenting women at any given time to comply with federal Medicaid restrictions on Institute for Mental Diseases (IMD) exclusion criteria. This restriction would not apply to programs in which the client's residence is in a separate location from the treatment program.

Capacity Reporting:

The Contractor must contact BDAS, as agent for DHHS, when their capacity has reached 90% within 5 business days. The Contractor must refer pregnant women to the State when the Contractor has insufficient capacity to provide services to any such pregnant women who seek the services of the program. Sending e-mail to the BDAS Clinical Services Unit Administrator may complete this notification process.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

Access to Services:

The Contractor shall respond to calls requesting treatment and/or transitional living program services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within 2 business days following the day the call was received.

The Contractor is required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.

Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client should be referred to a DHHS funded provider where they are able to access interim services.

Contractors receiving grant funds from DHHS will not discriminate against clients who are using legitimate medications to assist their recovery and will not have policies that allow them to refuse admission to treatment or to discharge clients from treatment based on the use of appropriately prescribed medications and various opiate replacement therapies, including, but not limited to, methadone and buprenorphine, as well as other forms of medication-assisted treatment for co-occurring substance abuse and mental health disorders.

Clients Eligible for Treatment Services:

In order to be eligible for DHHS supported services, a client must meet all eligibility criteria described below. Eligibility determination shall be conducted as follows:

1. Substance Use Disorder, Financial Eligibility & Residency Screening: The contractor shall complete the eligibility screening module in the Web Information Technology System (WITS) to determine if the client meets residency, financial, and substance use disorder potential eligibility requirements:
 - a. Residency: The client must be a resident of New Hampshire or homeless in New Hampshire to be eligible for DHHS supported services; and
 - b. Financial Eligibility: The client's income must be below 400% of Federal Poverty Level (FPL) to be eligible for DHHS supported services based on the sliding fee scale described below. Once the screening has been completed, the contractor shall print the associated attestation and have the client sign this document. A copy of the signed attestation shall be maintained in the client file. The client's financial eligibility shall be reassessed no less than every 120 days.; and
 - c. Potential for a Substance Use Disorder: The client must screen positive for a potential substance use disorder to be eligible for DHHS funded services.
2. Evaluation: The contractor shall conduct a full substance abuse evaluation, which includes administration of either the Addiction Severity Index (ASI) in WITS or Global Appraisal of Individual Needs (GAIN).
 - a. Substance Use Disorder: This evaluation shall be used to determine if the client meets Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM5) criteria for a substance use disorder. Clients who meet DSM5 criteria for a substance use disorder are eligible for DHHS funded services. Client who do not meet these criteria are not eligible for DHHS funded services.



Exhibit A Amendment #2

- b. Level of Care: For clients who have met all other eligibility requirements, this evaluation shall be used to determine the appropriate level of care for the client based on ASAM (October 2013) criteria. The client is eligible for DHHS funded services at the assessed level of care unless such a level of care is unavailable or the client chooses to enter a lower level of care. If the assessed level of care is unavailable, the client may choose to enter the next higher level of care.
3. Medicaid/NHHPP Eligibility: The contractor shall determine whether or not the client is eligible for Medicaid/NHHPP coverage for the identified level of care. If the client is not eligible for Medicaid/NHHPP coverage for the identified level of care, the client may be eligible for DHHS funded services. If the client is eligible for Medicaid/NHHPP coverage for the identified level of care, the client is not eligible for DHHS funded services.
4. Insurance Coverage: The contractor shall determine whether or not the client has insurance that will cover services at the identified level of care. If the client does not have insurance that will reimburse for these services at a rate equal to or greater than the DHHS rate, the client is eligible for DHHS funded services. If the client has insurance that will reimburse for these services at an amount equal or greater to the DHHS reimbursement rate, the client is not eligible for DHHS funded services. The contractor may not charge the combination of the client, any 3rd party payor, and DHHS more than the maximum charge allowed. These parties shall be charged in the following order:
 - a. The maximum allowed charge will be billed to the client's insurer, if applicable.
 - b. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
 - c. The balance of the maximum allowed charge after deducting the client's portion and the insurance payment, if applicable, shall be charged to DHHS.

Sliding Fee Scale:

The contractor shall not charge the combination of the client, any 3rd party payor and BDAS an amount greater than the maximum rate allowed for each service. All reasonable efforts shall be made to collect payment of bills. A client's inability to pay shall not preclude admission to the program and treatment.

- Client Income is 0% - 138% of FPL: 100% of the allowed charge less any amount paid for by insurance.
- Client Income is 139% - 149% of FPL: 92% of the allowed charge less any amount paid for by insurance.
- Client Income is 150% - 199% of FPL: 88% of the allowed charge less any amount paid for by insurance.
- Client Income is 200% - 249% of FPL: 75% of the allowed charge less any amount paid for by insurance.
- Client Income is 250% - 299% of FPL: 60% of the allowed charge less any amount paid for by insurance.
- Client Income is 300% - 349% of FPL: 43% of the allowed charge less any amount paid for by insurance.
- Client Income is 350% - 399% of FPL: 33% of the allowed charge less any amount paid for by insurance.

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With respect to minority age individuals, a minor child shall not be denied services as a result of the parent's unwillingness to pay the fee or the minor child's decision to receive confidential services pursuant to RSA 318-B:12-a.

Waiting List Management:

When a person who is pregnant or an injection substance abuser seeks treatment and there are no appropriate treatment services available within the required time frame as outlined below, interim services **must** be made available. The Contractor agrees to maintain the wait list management system in WITS that includes a unique patient identifier and include information on dates of requests for admission to treatment, provision of interim services and source for those services, referrals made for treatment or interim services, and disposition of clients on the waiting list.

- The waiting list must contain a mechanism that identifies and counts the number of applicants who present and are determined to be appropriate for substance abuse treatment but are unable to be placed as there is no capacity;
- Maintain contact with individuals awaiting admission; and,
- Admit or transfer waiting list clients at the earliest possible time to an appropriate treatment program within a reasonable geographic area.

The Contractor shall remove a client awaiting treatment from the waiting list only when one of the following conditions exists:

- Such persons cannot be located for admission into treatment *or*
- Such persons refuse treatment.

Specific Interim Services for Pregnant Women, Women with Dependent Children and Injection Drug Users:

The Contractor agrees to contact the BDAS Clinical Services Unit if a pregnant women and women with dependent children or individuals with a history of injection drug use, cannot be accepted into treatment within specific time frames, and agrees that interim services will be provided or facilitated by the Contractor. Interim services for pregnant women must include counseling on the effects of alcohol and drug use on the fetus, referrals for prenatal care, and counseling and education about HIV and tuberculosis. Interim services for injection drug users must also include counseling and education in the risks of needle sharing, about the risks of transmission to sexual partners and infants, and referral for HIV, Hepatitis C and tuberculosis screening/testing. All interim services shall be documented in the client's clinical record in the WITS system.

Interim Services for other Clients:

The Contractor shall provide, or refer the client to, interim services until level of service identified in the level of care assessment is available and/or the client is willing and assessed as being sufficiently motivated to take advantage of the proposed level of service or interim services. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client shall be referred to a DHHS funded provider where they are able to access interim services.

Services to pregnant and parenting women:

The Contractor further agrees that childcare will be made available to women who are in treatment with their dependent children, either through on-site care or through arrangements with an off-site legal childcare provider. Other services required are as follows:

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- The family is treated as a unit and, therefore, admits both women and their children into treatment services, if appropriate.
- The Contractor shall provide or arrange for primary medical care for women who are receiving substance abuse services, including prenatal care.
- The Contractor shall provide or arrange for childcare while the women are receiving services even if the children are not in their custody, as long as parental rights have not been terminated.
- The Contractor shall provide or arrange for primary pediatric care for the women's children, including immunizations.
- The Contractor shall provide or arrange for gender-specific substance abuse treatment and other therapeutic interventions for women that may address issues of relationships, sexual abuse, physical abuse, and parenting, and childcare while the women are receiving these services.
- The Contractor shall provide or arrange for therapeutic interventions for children in custody of women in treatment, which may, among other things, address the children's developmental needs, their issues of sexual and physical abuse, and neglect.
- The Contractor shall provide or arrange for sufficient case management and transportation services to ensure that the women and their children have access to the services provided for above.
- If a pregnant, pregnant injection drug using or Injection Drug Using person refuses treatment or says (s)he is not interested in treatment, the wait list report shall be completed with the engagement activities attempted.
- If a pregnant, pregnant injection drug using or Injection Drug Using person no shows or cancels treatment, interim services must be provided, as stipulated above and the wait list report shall be completed that demonstrates the activities of follow up, engagement and substance abuse treatment services offered.

Relationship(s) with Primary Health Care:

The Contractor shall arrange and coordinate services and exchange of information with other health care providers and agencies which:

- Identifies the client's current Primary Care Provider (PCP) at screening and/or intake.
- If the client has no current PCP, the Contractor shall identify available provider(s) in the client's local area such as a federally qualified community health center, community health center, or other local health services.
- Obtains client/patient authorization to communicate with PCP office.
- If no authorization is completed initially, the Contractor shall educate client as to the importance of engaging the PCP in ongoing care and address the client's concerns as part of treatment, with goal of obtaining authorization before discharge.
- Sends the discharge summary to PCP and offers to discuss recovery issues with the provider.
- Arranges (or has the client arrange) a post-discharge appointment with PCP for the client/patient for follow-up of the substance use disorder.

Tobacco Cessation:

The Contractor shall have policies and procedures for both client and Contractor staff, that not only creates a tobacco-free environment as required by law, but to offer tobacco cessation tools and programming. Tobacco use, in and of itself, shall not be grounds for administrative discharge from the program. Initially, all clients shall be assessed for motivation in stopping the use of tobacco products. Providers may tap into resources such as the DPHS Tobacco Prevention & Control Program (TPCP) and

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the certified tobacco cessation counselors available through the QuitLine. Other resources for providers include:

Breathe New Hampshire
145 Hollis St., Unit C
Manchester, NH 03101
603-669-2411 (phone) or 1-800-835-8647

The New Hampshire Medicaid program covers:

- Nicotine Replacement Therapy (NRT) Gum,
 - NRT Patch,
 - NRT Nasal Spray,
 - NRT Lozenge,
 - NRT Inhaler,
 - Varenicline (Chantix),
 - Bupropion (Zyban),
 - Group Counseling and/or
 - Individual Counseling. Up to 12 individual counseling sessions are covered per year through a mental health provider (Note: These sessions would NOT be in addition to other mental health counseling sessions under Medicaid). Pregnant women also have the option of group counseling.
- For more information, visit the website at:
<http://www.dhhs.state.nh.us/DHHS/MEDICAIDPROGRAM/default.htm>

Tuberculosis:

The Contractor shall make available tuberculosis services (defined as screening, counseling, testing, and treatment) directly, or through other providers, to each client receiving treatment. In the case of an individual denied admission due to lack of capacity, the substance abuse treatment Contractor will refer the individual to another provider of tuberculosis services if appropriate. All Contractor providing residential services shall make available, either on-site or through agreements with health care providers, tuberculosis services, including screening, testing, counseling and referral for medical treatment.

Physical location and facilities:

For the purpose of providing the services described in Section II of the Scope of Services, the Contractor shall obtain and maintain a suitable space complying with all fire, health, and safety codes to include handicapped accessibility and being wheelchair accessible.

The Contractor shall obtain written prior approval of DHHS, acting through BDAS, before entering into any agreement concerning relocation of the service site.

Culturally and Linguistically Appropriate Standards of Care:

DHHS recognizes that culture and language have considerable impact on how consumers access services. Culturally and linguistically diverse populations experience barriers in efforts to access services. To ensure equal access to quality services, DHHS expects that Contractors shall provide culturally and linguistically appropriate services according to the following guidelines:

1. Assess the ethnic/cultural needs, resources and assets of their community.
2. Promote the knowledge and skills necessary for staff to work effectively with consumers with respect to their culturally and linguistically diverse environment.

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3. When feasible and appropriate, provide clients of Limited English Proficiency (LEP) with interpretation services. Persons of LEP are defined as those who do not speak English as their primary language and whose skills in listening to, speaking, or reading English are such that they are unable to adequately understand and participate in the care or in the services provided to them without language assistance.
4. The Contractor is responsible for reasonable accommodations in arranging for interpreter services for hearing impaired clients.
5. The Contractor offers consumers or clients a forum through which those individuals have the opportunity to provide feedback to the Contractor regarding cultural and linguistic issues that may deserve response.

Compliance with State and Federal Laws:

The Contractor is responsible for compliance with all relevant state and federal laws. Special attention is called to the following statutory responsibilities:

1. All services provided pursuant to this Contract shall be subject to the most current proposed or formalized rules and regulations promulgated by DHHS, pursuant to RSA 541-A.
2. The Contractor shall maintain adherence to federal and state confidentiality laws specifically: 42 CFR Part 2B, N.H. RSA 318 B:12 and N.H. RSA 172:8-A and the Health Insurance Portability and Accountability Act (HIPAA): <http://www.hhs.gov/ocr/privacy/>
3. The Contractor shall meet the standards outlined in NH Administrative Rule He-A 300, Certification and Operation of Alcohol and other Drug Disorder Treatment Programs. This administrative rule is currently expired and under revision. The Contractor should plan to meet the requirements as outlined in the expired rule until the revisions are completed. He-A 300 can be viewed on the RFP link to this document <http://www.dhhs.nh.gov/business/rfp/index.htm>.
4. The Contractor shall, upon the direction of the State, provide court-ordered evaluation in their catchment area and a sliding scale fee shall apply and the inability to pay shall not interfere with the completion and submission of the court-ordered evaluation and shall, upon the direction of the State, offer treatment to those individuals pursuant to RSA 172:13.
5. Contractors considering research, including research conducted by student interns, using individuals served by this contract as subjects must adhere to the legal requirements governing human subjects' research. Contractors must inform the DHHS via contact with BDAS prior to initiating any research involving subjects or participants related to this contract. In addition, research conducted on subjects served by this contract may need to be approved by the New Hampshire Department of Health & Human Services Committee for the Protection of Human Subjects (NH DHHS CPHS) see <http://www.dhhs.nh.gov/irb/>

Client Stabilization:

The Contractor will be expected to arrange for medical clearance for all clients receiving treatment services supported by DHHS administered by BDAS to assure that they are not at risk for acute withdrawal from alcohol and certain drugs. The Contractor shall be expected to provide a range of integrated services that include withdrawal management services that follow detoxification guidelines outlined in Treatment Improvement Protocol (TIP) #45, Detoxification and Substance Abuse Treatment and ASAM guidelines.

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Clinical Services:

The Contractor shall provide the following:

- a. A minimum of one (1) substance abuse counselor on site each day of the week during primary treatment hours. The substance abuse counselor shall have a bachelor's degree or equivalent in social work/psychology, guidance or nursing and/or a certificate in the field of addiction studies from an approved educational institution or educational/life experience.
- b. A minimum of one (1) substance abuse support staff on site each day of the week during all hours not covered by a substance abuse counselor. The substance abuse support staff must have a high school or General Equivalency Diploma (GED). Preference is given to individuals who have completed additional courses or taken training in substance use disorders or other health fields.
- c. An intake/admission coordinator on site Monday through Friday of each week. The intake/admission coordinator shall have one (1) years' work experience in the field of addiction studies.
- d. A full-time Executive Director, not filling any of the positions described above.

Evaluation:

The contractor shall conduct a full substance abuse evaluation, which includes administration of either the ASI or GAIN to determine eligibility for services. This evaluation must be updated every 120 days or when the client transitions to a different level of care.

Assessment of Risk for Self-Harm/Suicide: The Contractor shall have policies and practices for assessing risk of self-harm at all phases of treatment, such as at initial contact, during screening, intake, admission, on-going treatment services and at discharge, and a process for referral when necessary to include referrals to mental health services.

The Contractor shall develop policies, programs and protocols in accordance with SAMHSA guidelines as outlined in the Treatment Improvement Protocols (TIPs) and Technical Assistance Publications (TAPs). These publications can be downloaded from <http://www.kap.samhsa.gov/products/manuals/index.htm>.

Use of Best Practices: The Contractor is required to use the Addiction Severity Index (ASI) or Global Appraisal of Individual Needs (GAIN) assessment tools, the SAMHSA/NIDA MATRS treatment-planning model and the WITS electronic case management system.

Care Coordination:

The Contractor is required to assess each client's need/appropriateness for residential transitional living services and to refer all clients for care coordination services made available through the Access to Recovery (ATR) initiative administered by the BDAS so long as this initiative remains available on behalf of DHHS that would commence following the initial course of treatment. Contractors are required to address motivational issues with clients for them to participate effectively in the care coordination and recovery support services. Contractors are required to have clients sign the "ATR Client Participation Agreement" (made available by BDAS), indicating that they either agree or opt out of participating in these services. The contractor will facilitate all clients who agree to participate in these services to complete the Client Participation Agreement and upon obtaining a signed release of information, refer clients to an ATR Care Coordinator Program at least two weeks prior to anticipated date of discharge (dis-enrollment) from services. Assessing the need for aftercare services is expected to take place while

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the client is involved within the most recent episode of care, with a referral being made and accepted by the care coordination service prior to the client being discharged.

The Contractor must provide the following for use by the care coordination program:

- Private space for interviewing/meeting with clients.
- Access to internet (either wired or wireless) in the meeting space
- Telephone in the meeting space and
- A contact person at the Contractor's site for logistics.

It is the expectation of the BDAS at DHHS that, upon completion of appropriate signed releases, the Contractor will provide the care coordination program with necessary information from the clinical record (evaluation, treatment plan, progress notes, etc.) for the care coordination program to develop a service plan with the client.

All alcohol and other drug treatment providers under contract with the BDAS on behalf of DHHS are required to address with all clients, the need for continuing services. This includes clinically managed low-intensity treatment programs under contract with the BDAS on behalf of DHHS as well as care coordination and recovery support services made available through DHHS contracted providers; the ATR initiative administered by BDAS, so long as this initiative remains available; and/or any other resources that become available to pay for these services that would commence following the initial course of treatment. The referral for these services should take place prior to discharge from the initial course of treatment.

Relevant Policies and Guidelines:

The services provided for in this agreement shall be in addition to the services provided for in any other agreement between the State of New Hampshire, any of its agencies, or any of its officers, and the Contractor.

Without limiting the generality of any other provisions of this agreement, the Contractor shall cooperate fully with, and answer all questions of representatives of the State conducting any periodic or special review of the performance of the Contractor or any inspection of the facilities of the Contractor.

Publications Funded Under Contract:

All products produced under this contract are in the public domain. All products (written, video, audio) produced, reproduced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution, or use. The Contract shall credit DHHS on all materials produced under this contract.

Student Internships:

The Contractor shall establish policies and procedures related to student interns that address minimum coursework, experience and core competencies for those interns having direct contact with individuals served by this contract. Student interns shall complete an approved ethics course prior to beginning the internship.

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Staff Licensing Requirements:

The ratio of licensed to non-licensed service providers shall be as follows:

Agencies must have at least one Licensed, or Masters Licensed, Alcohol and Drug Counselor (LADC/MLADC) for each two unlicensed counselors providing substance abuse treatment services and a sufficient number of MLADCs or LADCs with the Licensed Clinical Supervision (LCS) credential to adequately provide for clinical supervision of all clinical staff. This requirement shall be met by the Contractor no later than six (6) months after the date of the Contract effective date.

Updated resumes, which clearly indicate the staff member is employed by the Contractor, including current positions of staff supported by funds provided through this Contract, shall be forwarded to the BDAS as agent for DHHS. The documentation shall include a copy of the New Hampshire Alcohol and Drug Counselor License.

Staff Certification Requirements:

In addition to the requirements for LADCs, all Contractor milieu staff in residential settings and transitional living programs and staff providing recovery support aftercare group services shall be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification under RSA 330-C (<http://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XXX-330-C.htm>). Certification must be completed within six (6) months of the contract's approval date.

Staff providing recovery support services are expected to be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification. Peer recovery support services made available through Recovery Community Organizations (RCOs), under agreement with BDAS on behalf of DHHS, shall be provided by individuals certified by those organizations (CRSW not required for peer recovery support services).

Supervision:

Ongoing clinical supervision will include weekly discussion of cases with suggestions for resources or therapeutic approaches, co-therapy, and periodic assessment of progress. When enough candidates are under supervision, group supervision may be included to help optimize the learning experience.

The content of supervision must include knowledge, skills, values, and ethics with specific application to the practice issues faced by the supervisee, including the core functions as described in the Twelve Core Functions of Alcohol and Drug Counseling.

The content of supervision must also include the standards of practice and ethical conduct, with particular emphasis given to the counselor's role and appropriate responsibilities, professional boundaries, and power dynamics.

Staffing Changes:

BDAS as agent for DHHS shall be notified of changes in key personnel with updated resumes that clearly indicate the staff member is employed by the Contractor submitted within five (5) working days. Key personnel are those staff for whom at least 10% of their work time is spent providing alcohol or other drug abuse treatment services.

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1. New Hires: The Contractor shall notify BDAS on behalf of DHHS in writing within one month of hire when a new administrator or coordinator or any staff person essential to carrying out this scope of services is hired to work in the program. A resume of the employee, which clearly indicates the staff member is employed by the Contractor, shall accompany this notification.

2. Vacancies: The Contractor shall notify BDAS on behalf of DHHS in writing within 14 calendar days, if at any time, any site funded under this agreement does not have adequate staffing to perform all required services for more than one month.

Other Requirements:

The Contractor shall attend trainings and/or meetings as requested by DHHS.

ATR and Recovery Support Services:

All DHHS funded treatment and recovery support service providers must also be approved Access to Recovery (ATR) providers, so long as the ATR initiative remains available, as this will be the source of funding for these recovery support services through the Voucher Management System (VMS). Information on becoming an ATR provider can be found on the DHHS website: <http://www.dhhs.nh.gov/dcbcs/bdas/atr/becomingprovider.htm>

Regional Network Participation:

The Contractor will designate administrative level staff to regularly participate in the Regional Network and contribute to overall regional network strategic planning, monitoring, evaluation, and cross systems communication efforts. The Contractor is highly encouraged to serve on one of the work groups and contribute to data collection, regional strategic planning and evaluation. Participation will be measured by the annual Partner Survey (<http://www.partnertool.net/>) administered by NH Center for Excellence under contract with BDAS as agent for DHHS.

Performance Measures:

All treatment programs under contract with BDAS on behalf of DHHS are required to report on the National Outcome Measures (NOMs) established by the SAMHSA, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the WITS (electronic case management) system. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions.

Data and Reporting Requirements:

1. Without limiting the generality of any other provisions of this agreement, the Contractor shall provide any periodic or special reports required by the DHHS.
2. The Contractor shall notify BDAS, as an authorized agent of DHHS, whenever the Contractor has reached ninety percent capacity to admit new clients. In addition the Contractor shall have a waiting list management policy in accordance with the SAPT Block Grant requirements. This 90% notification process will become automatic when this operation is fully functional in WITS.
3. The Contractor shall notify DHHS through BDAS, within one working day, if sufficient capacity is not available to provide treatment services to a pregnant woman, parenting woman or injection drug user within the required time frames and a referral elsewhere is not successful and interim services cannot be provided.

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4. The Contractor shall comply with all research and/or information systems development activities for the electronic case management/Web Information Technology System (CM/WITS) conducted by, or authorized by, DHHS.
5. The Contractor shall administer any client surveys, client evaluations including the addiction Severity Index (ASI) or the Global Appraisal of Individual Needs (GAIN), client treatment outcome instruments, the M.A.T.R.S. Treatment Planning Tool, as required by DHHS.
6. The Contractor must have the ability to communicate and submit required reports via the Web-based submission system and/or e-mail, for treatment s and recovery support services and interim services. All required clinical and documentation activities shall be entered in WITS unless specifically granted an exception by BDAS on behalf of DHHS.

Critical Incident/Sentinel Event Reporting:

The Department's Sentinel Event policy is contained in the following link:
<http://www.dhhs.nh.gov/dcbcs/sentinel.htm>

Division of Community Based Care Services (DCBCS) Sentinel Event Notification:

The preceding events require the immediate verbal notification to the BDAS Assistant Administrator or Clinical Services Unit Administrator upon the discovery of a sentinel event involving an individual(s) receiving services through a DHHS substance use disorder treatment Contractor.

Since the initial and immediate verbal notification of a sentinel event is likely to include protected health information (PHI) as identified below, the Contractor of services to individuals receiving services funded by the DHHS shall disclose PHI in a private and secure manner. Contractors and vendors should not leave voice-mail messages, but instead make direct telephone contact with the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee. If direct telephone contact is not possible, a voice mail message may be left without protected health information, such as medications and relevant medical and psychiatric diagnoses. As soon as possible after the initial verbal notification, the Contractor will mail or fax a completed *Sentinel Event Reporting Form* as directed in this protocol.

Notification shall include the following:

1. Name and phone number of the individual reporting.
2. Name, date of birth (DOB), medications and all relevant medical and psychiatric diagnoses of individual(s) involved;
3. Location, date, and time of event;
4. Description of the event including what, when, where, how, and other relevant information and identification of any other individuals involved;
5. Legal status of the individual involved with regard to guardianship and power of attorney;
6. Community, guardian, family and/or families' knowledge of the event; and
7. Contractor contact person and contact information.

It shall be the responsibility of the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee to notify the DCBCS Quality Improvement Director by e-mail as soon as the BDAS Clinical Administrator or designee becomes aware a Sentinel Event has occurred. The DCBCS Quality Improvement Director shall make immediate notification to the Commissioner. Internal e-mails within the Department may contain PHI and all Department employees will utilize safeguards to ensure the privacy

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of the PHI as stated in the DHHS General Manual Health Insurance Portability and Accountability Act (HIPAA) policy #504.

Each DCBCS contractor recognizes its responsibility to report evidence of neglect, abuse or exploitation to the appropriate regulatory agencies as required by RSA 161-F: 42-57 and RSA 169-C:29. In any case of known or suspected neglect, abuse or exploitation, the Contractor aware of the situation shall follow all applicable rules relative to individual rights protection procedures.

Written follow up information is to be forwarded by the reporting Contractor to the appropriate BDAS Administrator listed below within 72 hours by completing the *Sentinel Event Reporting Form*. To protect clients' confidential information, reporting Contractors should submit the *Sentinel Event Reporting Form* either by fax to the BDAS Assistant Administrator or the BDAS Clinical Services Unit Administrator by a mail service that provides delivery confirmation.

Bureau of Drug and Alcohol Services
Assistant Administrator
105 Pleasant Street
Concord, NH 03301
Or by fax to the BDAS Administrator's Office at 271-6105;

Follow-up information is the responsibility of the Contractor and should be submitted in a way as to protect clients' confidential information such as by mail with delivery confirmation and should include:

1. The *Sentinel Event Reporting Form* (www.dhhs.nh.gov/dcbcs/documents/sentinelform.pdf);
2. Additional details as they are learned or if the status of the situation changes; and,
3. Copies of newspaper articles.

Additionally, DHHS requires critical incident reporting. The Contractor shall report all critical incidents/sentinel events to the BDAS Clinical Services Unit Administrator immediately via telephone. Every effort shall be made to reach the BDAS administrator directly. If a voice message is necessary, sufficient provider contact information shall be provided so that DHHS is able to reach the reporter, or other responsible staff, immediately.

A critical incident includes, but is not limited to, any child or adult protective services report to the Division of Children, Youth and Families (DCYF), or the Bureau of Elderly and Adult Services (BEAS), respectively, regarding any incident involving 1) a staff/employee to youth or client, 2) youth to youth, or 3) client to client. This includes incidents that occur while a client is on leave, or on a pass, from the Contractor and may be off site at the time the incident occurred.

A sentinel event is an unexpected occurrence involving the death or serious physical or psychological injury, or risk thereof, signaling the need for immediate investigation and response.

Death or any serious injury or medical emergency regarding staff or clients that requires emergency medical attention (EMT or other emergency personnel at the Contractor's site, or a hospital emergency room visit), or any crime reportable to law enforcement, or any other serious incident must also be reported to DHHS as described below.

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Reportable sentinel events include, but are not limited to, any occurrence that meets any of the following criteria:

1. An unanticipated death or permanent loss of function, not related to the natural course of an individual's illness or underlying condition.
2. Homicide or suicide of any individual receiving DHHS funded care, treatment or services, that had been discharged from a Department funded program or facility within 30 days of the event, or has been evaluated by a service Contractor within the preceding 30 days;
3. Sexual assault or rape of any individual receiving DHHS funded care, treatment or services by another client or employee of any Department funded program or facility where there is an act that was witnessed or there is sufficient clinical evidence obtained by the Contractor to support allegation of nonconsensual sexual contact.
4. Unauthorized departure of an individual receiving DHHS funded services, from a facility providing care, resulting in death or permanent loss of function.
5. Medication error that results in death, paralysis, coma, or other permanent loss of function.
6. Delay or failure to provide DHHS funded Contractor services that result in death or permanent loss of function.
7. Abuse as a result of the willful infliction of injury, unreasonable confinement, intimidation, or punishment with resulting physical harm, or mental anguish. This includes staff neglect or indifference to infliction of injury or intimidation of one individual by another.
8. Neglect as a result of the failure to provide the goods and services necessary to avoid physical harm, mental anguish or mental illness.
9. Assault of or by a client of the Contractor that results in the injury of the person or another person of such severity that medical attention is required.
10. Arson resulting in property loss.
11. High profile events, which may include media coverage and/or police involvement.

On-Site Reviews:

1. The Contractor shall allow a team or person authorized by DHHS to periodically review the Contractor's systems of governance, administration, data collection and submission, clinical, and financial management in order to assure systems are adequate to provide the contracted services.
2. Reviews shall include, but not be limited to, client record reviews to measure compliance with this exhibit.
3. The Contractor shall make corrective actions as advised by the review team if contracted services are not found to be provided in accordance with this exhibit.
4. DHHS staff shall contact the Contractor in advance of the site visit, so that the Contractor shall have sufficient time to prepare any guidance/reporting systems or logs that will be reviewed at the site visit.

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Exhibit B Amendment #2

Method and Conditions Precedent to Payment

The State shall pay the Contractor an amount not to exceed the Price Limitation, block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services, and in accordance with Exhibit B.

Funding for this Agreement is funded by various sources as a percentage of the total amount of \$189,576 as follows:

- 46 % Federal Funds from the Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant (CFDA #93.959);
- 22 % General Governor's Commission on Alcohol and Drug Abuse Prevention, Intervention and Treatment Funds; and
- 32 % General funds.

I. Payment Methodology

The Contractor shall be reimbursed for providing and delivering the services listed in Exhibit A, paragraph B. The following terms and conditions detailed in this Exhibit B shall apply to all services unless expressly stated otherwise.

The Contractor shall agree to use and apply all contract funds from the State for costs and expenses as detailed in the Service Reimbursement Table below. Allowable costs and expenses shall be determined by the State in accordance with applicable state and federal laws and regulations. Starting in State Fiscal Year 2015 (effective July 1, 2014) the contractor will receive a payment for each service at the rates and within the limits described below. For clients receiving DHHS supported services, the contractor may not charge the client, any 3rd party payor, and DHHS a combined rate that is more than the rate established by BDAS for that level of service or any other fees. These parties shall be charged in the following order:

1. The maximum allowed charge will be billed to the client's insurer, if applicable.
2. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
3. The balance of the maximum allowed charge, after deducting the client's portion and insurance payment, if applicable, shall be charged to DHHS.

Service Reimbursement Table - A check mark indicates the services and corresponding rates the Contractor will be reimbursed for.

Check mark indicates applicable service	Service	DHHS Established Rate	Service Limit
X	Evaluation	\$225	1 every 90 days
X	Outpatient – Individual	\$18.75/unit***	\$190 of combined individual & group/week
X	Outpatient – Group	\$5.00/unit	
X	Intensive Outpatient*	\$80.00/day	\$320 (4 days)/week
	Low-Intensity Residential – Adult	\$100.00/day	\$700 (7 days) /week



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	Low-Intensity Residential – Adolescent	\$128.00/day	\$896 (7 days) /week
	High-Intensity Residential – Adult	\$130.00/day	\$910 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Room & Board Only	\$66.00/day	\$462 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Clinical Services	\$162.60/day	\$1138.20 (7 days) /week
	Medium Intensity Residential – Adolescent	\$170.00/day	\$1190 (7 days) /week
	Recovery Support Services		
X	Individual	\$15.00/unit	\$160 of combined individual & group/week
X	Group	\$5.00/unit	
X	Continuous Recovery Monitoring – Attempted**	\$15.00/contact	\$60 of combined attempted and completed/month for the first 6 months post discharge
X	Continuous Recovery Monitoring – Completed	\$15.00/contact	
	Enhanced Services	Varied	

* Providers may bill the per diem rate for Intensive Outpatient Treatment services only on those days when the client attends individual and/or group counseling associated with the program. It is expected that each day of attendance includes a minimum of 3 hours of group and/or individual counseling services.

**Attempted Contact is at least 3 attempts to contact a client over the course of at least one week.

*** A unit is equal to 15 minutes of service

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. Failure to meet this requirement may result in amendment to or termination of the contract. At a minimum, contractors must provide the array of services they contracted to provide for in SFY14.

1. Performance Incentives:

A. Access to Services:

Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received and shall conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact. For each client who screens eligible for



Exhibit B Amendment #2

services and starts receiving services, whether for the identified level of care or interim services, within 10 business days following the eligibility screening, the treatment contractor will receive an incentive payment of \$75.00. Access incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

B. Completion:

For each client who is discharged from the program because they have completed treatment or transferred to another treatment provider as recorded in the Discharge Type field of the WITS Discharge Module, the treatment contractor will receive an incentive payment of \$75.00. Completion incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

C. Client Outcomes:

If a client who was discharged from the program meets at least 3 of the Outcome criteria below in the 3rd and/or 6th month post-discharge, as evidenced by the WITS Follow-Up module, the treatment contractor will receive an incentive payment in the amount of \$50. The 3rd month post discharge is considered to be 60 – 120 days post discharge. The 6th month post discharge is considered to be 150 – 210 days post discharge. Outcomes incentives will be calculated and paid on a monthly basis for clients meeting criteria in the previous calendar month. It is expected that at least 50% of discharged clients will be contacted for 3 and/or 6 month follow-up over the contract year.

- i. Abstinence: The client reports reduced or no substance use in the past 30 days.
- ii. Employment/Education: The client reports increased or retained employment or the client reports returning to or staying in school.
- iii. Crime and Criminal Justice: The client reports no arrests in the past 30 days.
- iv. Stability in Housing: The client reports being in stable housing.
- v. Social Connectedness: The client reports engagement in Recovery Support Services, Care Coordination, and/or Community Based Support Groups in the past 30 days.

D. Performance Incentive Payout Limits:

Performance incentives are limited to no more than 6% of the total contract amount annually. The total amount paid out during the contract year will never exceed the total contract amount. DHHS is not obligated to make payment for any incentives that occur outside of the current contract year; however, incentives may be carried over to future contract years at the discretion of DHHS.

2. Failure to Meet Deliverables:

The Contractor shall comply with all contract requirements as detailed in Exhibit A section B, Required Services. Upon determination that Contractor may not be meeting the required deliverables, within two (2) weeks BDAS will provide a written correction action plan. Within two (2) weeks of notification of the corrective action plan, Contractor will provide a written remedial plan. BDAS will monitor the corrective actions for 60 days. Failure to meet requirements of the corrective action plan within 60 days may result in withholding of any or all payments or termination of the contract.

3. Invoicing & Billing:

All billing shall be completed via the WITS system according to protocols established by BDAS.



Exhibit B Amendment #2

The Contractor shall have written authorization from the State prior to using contract funds to purchase or lease any equipment with a cost in excess of two thousand five hundred dollars (\$2500) and with a useful life beyond one year.

II. Allocation of Funding:

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. The contractor is prohibited from spending down more than the sum of the total contract amount that includes the cost of the client services and related incentives.

III. Availability of Alternative Funding:

The New Hampshire Department of Health and Human Services may terminate or amend the contract should alternate third party payors, including Medicaid, the New Hampshire Health Protection Program and/or insurance available on the New Hampshire Insurance Exchange cover any of the services included in this contract.

IV. Limitations and restrictions of federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds:

The Contractor agrees to use the SAPT funds as the payment of last resort.

Restrictions on SAPT Block Grant on State and Contractor expenditures include:

The State may not:

- Provide inpatient hospital services except under those conditions outlined in the regulations.
- Make cash payments to intended recipients of substance abuse services.
- Purchase or improve land.
- Purchase, construct, or permanently improve buildings or other facilities.
- Purchase major medical equipment.
- Satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds. (in-kind)
- Provide financial assistance to any entity other than a public or non-profit private entity.
- Provide individuals with hypodermic needles or syringes.
- Expend more than the amount of Block Grant funds expended in FFY91 for treatment services provided in penal or correctional institutions of the State.

The Contractor shall not:

- Use any federal funds provided under this contract for the purpose of conducting testing for the etiologic agent for Human Immunodeficiency Virus (HIV) unless such testing is accompanied by appropriate pre and post-test counseling.
- Use any federal funds provided under this contract for the purpose of conducting any form of needle exchange, free needle programs or the distribution of bleach for the cleaning of needles for intravenous drug abusers.

V. Charitable Choice:



Exhibit B Amendment #2

Federal Charitable Choice statutory provisions ensure that religious organizations are able to equally compete for Federal substance abuse funding administered by SAMHSA, without impairing the religious character of such organizations and without diminishing the religious freedom of SAMHSA beneficiaries (see 42 USC 300x-65 and 42 CFR Part 54 and Part 54a, 45 CFR Part 96, Charitable Choice Provisions and Regulations). Charitable Choice statutory provisions of the Public Health Service Act enacted by Congress in 2000 are applicable to the SAPT Block Grant program. No funds provided directly from SAMHSA or the relevant State or local government to organizations participating in applicable programs may be expended for inherently religious activities, such as worship, religious instruction, or proselytization. If an organization conducts such activities, it must offer them separately, in time or location, from the programs or services for which it receives funds directly from SAMHSA or the relevant State or local government under any applicable program, and participation must be voluntary for the program beneficiaries.

- VI.** Notwithstanding paragraph 18 of the General Provisions of this Agreement P-37, an amendment limited to adjusting amounts within the budgets and within the price limitation, can be made by written agreement of both parties and may be made without obtaining approval of Governor and Executive Council.

The remainder of this page is intentionally left blank.

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 HORIZONS COUNSELING CENTER, INC. is a New Hampshire nonprofit corporation formed March 2, 1990. 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 9th day of April A.D. 2014

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

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

I, Rosanne Sheridan, do hereby certify that:
(Name of the elected Officer of the Agency; cannot be contract signatory)

1. I am a duly elected Officer of Horizons Counseling Center, Inc.
(Agency Name)

2. The following is a true copy of the resolution duly adopted at a meeting of the Board of Directors of
the Agency duly held on February 12, 2014:
(Date)

RESOLVED: That the President
(Title of Contract Signatory)

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

3. The forgoing resolutions have not been amended or revoked, and remain in full force and effect as of
the 21st day of May, 2014.
(Date Contract Signed)

4. David Parisi is the duly elected President
(Name of Contract Signatory) (Title of Contract Signatory)

of the Agency.

Rosanne Sheridan
(Signature of the Elected Officer)

STATE OF NEW HAMPSHIRE

County of Belknap

The forgoing instrument was acknowledged before me this 21 day of May, 2014

By Rosanne Sheridan
(Name of Elected Officer of the Agency)

Lauren E. Cilley
(Notary Public/Justice of the Peace)

(NOTARY SEAL)

Commission Expires: LAUREN E. CILLEY
Notary Public - New Hampshire
My Commission Expires May 9, 2017



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
6/18/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER CROSS INSURANCE - LACONIA 155 Court Street Laconia NH 03246		CONTACT NAME: Sarah Cullen, AINS, ACSR PHONE (A/C No. Ext.): (603) 524-2425 FAX (A/C No.): (603) 524-3666 E-MAIL ADDRESS: scullen@crossagency.com	
INSURED HORIZONS COUNSELING CENTER 25 COUNTRY CLUB RD GILFORD NH 03249		INSURER(S) AFFORDING COVERAGE INSURER A: Peerless Indemnity Ins Co NAIC # 18333 INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	

COVERAGES **CERTIFICATE NUMBER:** CL1361887444 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PRO-JECT ☐ LOC		BOP3772229	6/14/2013	6/14/2014	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 4,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COM/OP AGG \$ 4,000,000	
	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☐ HIRED AUTOS ☐ SCHEDULED AUTOS ☐ NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$	
	UMBRELLA LIAB ☐ EXCESS LIAB ☐ OCCUR ☐ CLAIMS-MADE ☐ DED ☐ RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$	
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	☐ Y ☒ N	N/A				WC STATU-TORY LIMITS ☐ OTH-ER ☐ E L EACH ACCIDENT \$ E L DISEASE - EA EMPLOYEE \$ E L DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Refer to policy for exclusionary endorsements and special provisions.

CERTIFICATE HOLDER

NHDHHS
105 Pleasant St
Concord, NH 03301

CANCELLATION

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

AUTHORIZED REPRESENTATIVE

C Burrows, CISR, CPIA *Cynthia H. Burrows*



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
5/28/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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PRODUCER CROSS INSURANCE - LACONIA 155 Court Street Laconia NH 03246		CONTACT NAME: Sarah Cullen, AINS, ACSR PHONE (A/C, No, Ext): (603) 524-2425 FAX (A/C, No): (603) 524-3666 E-MAIL ADDRESS: scullen@crossagency.com	
INSURED Horizons Counseling Center 25 Country Club Rd Gilford NH 03249		INSURER(S) AFFORDING COVERAGE INSURER A: Peerless Indemnity Ins Co NAIC # 18333 INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	

COVERAGES

CERTIFICATE NUMBER: CL1452810415

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PRO-JECT ☐ LOC			BOP3772229	6/14/2014	6/14/2015	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000
	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALLOWED AUTOS ☐ HIRED AUTOS ☐ SCHEDULED AUTOS ☐ NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB ☐ EXCESS LIAB ☐ DED ☐ RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) ☐ Y/N If yes, describe under DESCRIPTION OF OPERATIONS below			N/A			WC STATUTORY LIMITS ☐ OTH-ER ☐ E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

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

CERTIFICATE HOLDER

NHDHHS
129 Pleasant Street
Concord, NH 03301

CANCELLATION

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

AUTHORIZED REPRESENTATIVE

S Cullen, AINS, ACSR/ Sarah Cullen



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
5/29/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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PRODUCER Byse Agency Inc. 208 Union Ave. PO Box 1346 Laconia NH 03246		CONTACT NAME: Kathleen Gilman PHONE (A/C No. Ext): (603) 524-4242 E-MAIL ADDRESS: kgilman@byseinsurance.com FAX (A/C No.): (603) 524-0748	
		INSURER(S) AFFORDING COVERAGE	NAIC #
		INSURER A: Travelers Indemnity Company of	25666
		INSURER B:	
		INSURER C:	
		INSURER D:	
		INSURER E:	
		INSURER F:	

COVERAGES

CERTIFICATE NUMBER: CL1452904318

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY ☐ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☐ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PRO-JECT ☐ LOC						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☐ HIRED AUTOS ☐ NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB ☐ OCCUR EXCESS LIAB ☐ CLAIMS-MADE DED ☐ RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) ☐ Y/N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		UB5C113621	12/15/2013	12/15/2014	☒ WC STATUTORY LIMITS ☐ OTHER E.L. EACH ACCIDENT \$ 100,000 E.L. DISEASE - EA EMPLOYEE \$ 100,000 E.L. DISEASE - POLICY LIMIT \$ 500,000

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

States for which statutory Workers Compensation is provided: NH

Owners/Partners/Officers/Others excluded: Board of Directors

CERTIFICATE HOLDER

jabikoff@gmail.com

NH Dept. of Health & Human Services
129 Pleasant Street
Concord, NH 03301

CANCELLATION

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

AUTHORIZED REPRESENTATIVE

Kathleen Gilman/KAG

Horizons Counseling Center, Inc.
Financial Statements
June 30, 2012

Kenneth R. Malone, CPA
James F. Dirubbo, CPA
Ronda J. Kilanowski, CPA
Penny I. Raby, CPA
Robert E. Reed, CPA
Tracey L. Livernois, CPA
Shirley E. Perry, EA

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603-934-2942
Fax 603-934-5384

9 West Street
Lincoln, NH 03251

603-745-3121
Fax 603-745-3312

Independent Auditors' Report

To the Board of Directors
Horizons Counseling Center, Inc.
25 Country Club Rd, Ste. 705
Gilford, NH 03249

We have audited the accompanying statements of financial position of Horizons Counseling Center, Inc. (a non-profit organization) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Horizons Counseling Center, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Malone, Dirubbo & Company, P.C.

Malone, Dirubbo & Company, P.C.
Franklin, New Hampshire

November 12, 2013

Horizons Counseling Center, Inc.
Statements of Financial Position
As of June 30,

ASSETS

	<u>2012</u>	<u>2011</u>
Current Assets		
Cash	\$ 147,680	\$ 186,567
Grants receivable	31,853	25,799
Accounts receivable (net realizable value)	32,943	27,300
Contracts receivable	8,455	9,048
Reimbursement due	0	738
Prepaid expenses	355	355
Total Current Assets	<u>221,286</u>	<u>249,807</u>
Property and Equipment		
Office equipment	2,790	2,790
Less: accumulated depreciation	<u>(1,807)</u>	<u>(1,467)</u>
Property and Equipment, Net	<u>983</u>	<u>1,323</u>
TOTAL ASSETS	<u>\$ 222,269</u>	<u>\$ 251,130</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Account payable	\$ 8,368	\$ 1,000
Payroll taxes payable	<u>310</u>	<u>301</u>
Total Current Liabilities	8,678	1,301
Unrestricted Net Assets	<u>213,591</u>	<u>249,829</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 222,269</u>	<u>\$ 251,130</u>

See accompanying notes and independent auditors' report.

Horizons Counseling Center, Inc.
Statements of Activities
For the Years Ended June 30,

	<u>2012</u>	<u>2011</u>
Support and Revenue		
Grant contract revenue	\$ 189,576	\$ 262,446
Service fees (net)	102,996	88,911
Other contract revenue	70,499	56,058
Loss on scrapped asset	<u>0</u>	<u>(51)</u>
Total Support and Revenue	363,071	407,364
Expenses		
Program services	269,310	277,547
Management and general expenses	<u>129,999</u>	<u>119,778</u>
Total Expenses	<u>399,309</u>	<u>397,325</u>
Increase (Decrease) in Unrestricted Net Assets	(36,238)	10,039
Net Assets at Beginning of Year	<u>249,829</u>	<u>239,790</u>
Net Assets at End of Year	<u><u>\$ 213,591</u></u>	<u><u>\$ 249,829</u></u>

See accompanying notes and independent auditors' report.

Horizons Counseling Center, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2012

	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
Salary- clinicians	\$ 172,815	\$ 9,713	\$ 182,528
Salary- executive director	14,000	56,000	70,000
Salary - administrative	0	16,531	16,531
Employee benefits	45,168	21,128	66,296
Payroll tax expense	16,723	5,468	22,191
Bank fees	0	160	160
Depreciation	0	340	340
Professional development	0	263	263
Workers compensation insurance	0	1,902	1,902
Liability insurance	0	2,871	2,871
Licenses and fees	0	75	75
Office supplies	0	1,785	1,785
Postage	0	625	625
Rent	16,085	4,021	20,106
Telephone and internet	1,886	471	2,357
Utilities	2,484	621	3,105
Professional fees - accounting	0	475	475
Professional fees - auditing	0	5,300	5,300
Professional fees - consulting	100	0	100
Penalties & fees	0	2,200	2,200
Miscellaneous expense	49	50	99
Total Expenses	<u>\$ 269,310</u>	<u>\$ 129,999</u>	<u>\$ 399,309</u>

See accompanying notes and independent auditors' report.

Horizons Counseling Center, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2011

	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
Salary- clinicians	\$ 176,932	\$ 4,840	\$ 181,772
Salary- executive director	14,000	56,000	70,000
Salary - administrative	0	13,564	13,564
Employee benefits	49,876	17,043	66,919
Payroll tax expense	15,715	6,131	21,846
Depreciation	0	379	379
Professional development	0	160	160
Workers compensation insurance	0	1,754	1,754
Liability insurance	0	2,633	2,633
Licenses and fees	0	75	75
Office supplies	0	2,648	2,648
Postage	0	176	176
Rent	16,085	4,021	20,106
Telephone and internet	2,028	507	2,535
Utilities	2,245	561	2,806
Professional fees - accounting	0	500	500
Professional fees - auditing	0	7,200	7,200
Professional fees - consulting	580	1,000	1,580
Miscellaneous expense	86	586	672
Total Expenses	<u>\$ 277,547</u>	<u>\$ 119,778</u>	<u>\$ 397,325</u>

See accompanying notes and independent auditors' report.

Horizons Counseling Center, Inc.
Statements of Cash Flows
For the Years Ended June 30,

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (36,238)	\$ 10,039
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	340	379
Loss on scrapped asset	0	51
Decrease (increase) in operating assets:		
Grants and contracts receivable	(5,654)	(3,444)
Accounts receivable	(5,643)	168
Other current assets	931	(1,093)
Increase (decrease) in operating liabilities:		
Accounts payable	7,368	671
Accrued liabilities	<u>9</u>	<u>301</u>
Net cash provided by (used in) operating activities	<u>(38,887)</u>	<u>7,072</u>
Cash Provided by (Used in) Investing Activities		
Purchase of equipment	<u>0</u>	<u>(400)</u>
Net cash provided by (used in) investing activities	<u>0</u>	<u>(400)</u>
Net increase (decrease) in cash	(38,887)	6,672
Cash at beginning of year	<u>186,567</u>	<u>179,895</u>
Cash at end of year	<u><u>\$ 147,680</u></u>	<u><u>\$ 186,567</u></u>

See accompanying notes and independent auditors' report.

Horizons Counseling Center, Inc.
Notes to Financial Statements
June 30, 2012 and 2011

Note 1: Organization

Horizons Counseling Center, Inc. is a New Hampshire non-profit organization incorporated March 2, 1990. The Organization is dedicated to providing quality mental health care services for the comprehensive prevention, assessment and treatment of substance abuse and dependence, and related behavioral matters. Services are provided to substance abusers, their families and others affected by the substance abuse. The Organization is dedicated to providing these services to those of limited financial ability, regardless of their ability to pay.

Note 2: Summary of Significant Accounting Policies

Accounting Method

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recorded at the time liabilities are incurred.

Net Assets

The Organization reports its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets include the portion of funds that are not restricted by donor or grantor and are available for support of the Organizations' operation.

Temporarily Restricted Net Assets include the portion of funds for which donor or grantor restrictions have not yet been met and for which the ultimate purpose of the proceeds are not permanently restricted.

Permanently Restricted Net Assets include the portion of funds for which donor or grantor imposed restrictions require the funds to be maintained permanently by the Organization.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable is stated at net realizable value and consists of amounts due from clients for services rendered. Service fees are recorded in the year in which the service is performed. Uncollectible amounts, estimated by management based on historical data, are recorded in the period during which the services are provided even though the actual amounts may become known at a later date.

Horizons Counseling Center, Inc.
Notes to Financial Statements
June 30, 2012 and 2011

Note 2: Summary of Significant Accounting Policies – continued

Accounts Receivable - continued

Under terms of the State grant the Organization receives, no patient may be denied services for an inability to pay, resulting in services that are provided, but are never expected to result in cash flows. These services estimated at approximately 57% of billings, do not qualify for recognition as receivables or revenue.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at their fair market value at the date of donation. Maintenance and repairs are charged to operations when incurred; major purchases and improvements are capitalized. Fixed assets, consisting of computer and telephone equipment are being depreciated over a five year period using the straight line method.

Grants

The State of New Hampshire, in accordance with a grant contract with the Organization, allows any surplus of revenues over expenses to be used on activities approved by the grant contract with the State of New Hampshire, Department of Health and Human Services – Bureau of Drug and Alcohol Services (BDAS) to cover Medicaid shortfalls or to be expended at HCC's discretion to increase or improve service delivery within the programs specified by the contract except that such expenditures shall not increase the annualized operating cost of such programs without the prior written approval of BDAS. (See Note 5)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization has chosen to record restricted contributions whose restrictions are met in the same reporting period as unrestricted contributions.

Schedules of Functional Expenses

The costs of providing various program and management services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated amongst the program services and management services benefited based on actual costs and analysis of personnel time.

Horizons Counseling Center, Inc.
Notes to Financial Statements
June 30, 2012 and 2011

Note 2: Summary of Significant Accounting Policies – continued

Use of Estimates

Preparation of the Organizations' financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could vary from these estimates.

In-Kind Contributions

In-kind contributions are recorded at fair market value and recognized as revenue in the accounting period in which they are received. Volunteers, mainly board members, donate time to the Organization's program services. These services have not been included in donated materials and services because their value has not been determined.

Federally Insured Limits

The Organization maintains its cash account at one financial institution, which is secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in aggregate. The Organization has not exceeded this limit for the years ending June 30, 2012 and 2011.

On November 9, 2010, the FDIC issued a final ruling that provides for unlimited insurance coverage for noninterest-bearing transaction accounts. This unlimited insurance coverage is separate from, and in addition to, the insurance coverage noted above. Money Market Deposit Accounts (MMDAs) and Negotiable Order of Withdrawal (NOW) accounts are not eligible for this unlimited coverage.

Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, there is no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the IRS not to be a private foundation within the meaning of Section 590(a) of the Internal Revenue Code.

Uncertainty in Income Taxes

On June 1, 2009, the Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustments required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained

Horizons Counseling Center, Inc.
Notes to Financial Statements
June 30, 2012 and 2011

Note 2: Summary of Significant Accounting Policies – continued

Uncertainty in Income Taxes - continued

upon examination by taxing authorities. The Organization has analyzed its tax positions taken for filing with the Internal Revenue Service and the State of New Hampshire. The Organization believes that the income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations, or cash flows. Accordingly, the Organization has not recorded any reserves or related accruals for interest and penalties for uncertain tax positions at June 30, 2012.

The Organization is subject to routine examinations by taxing jurisdictions; however, there are currently no examinations in progress for any tax period. The Organization believes it is no longer subject to income tax examinations for fiscal years ended prior to June 30, 2010.

Note 3: Leased Facilities and Related Party

The Organization rents the Gilford office from a related party, spouse of the Executive Director. The rental agreement is unwritten, but annual rental payments are approved each year by the Board of Directors. For the years ended June 30, 2012 and 2011 the total rent paid to the related party was \$14,406.

For the years ended June 30, 2012 and 2011, the Organization also rented space in Plymouth, New Hampshire. A 24 month lease agreement was entered into on January 1, 2011, which calls for monthly rent payments of \$475. The total rent for the Plymouth office for the June 30, 2012 and 2011 was \$5,700.

Note 4: Concentration of Risk

The Organization grants credit to its patients, most of whom are local residents and some of whom are insured under third party payer agreements. Based upon factors surrounding the credit risk of specific patients, historical trends, and other information, the Organization has estimated the collectible balances for patient receivables. No collateral or other security to support patient receivables is required.

The Organization receives the majority of its support from the New Hampshire Department of Health and Human Services. In the event that this support were to be eliminated, it is likely that the Organization would need to reduce its current operations.

Horizons Counseling Center, Inc.
Notes to Financial Statements
June 30, 2012 and 2011

Note 5: Grant Revenue and Support

The Organization receives substantial funding in the form of grants from the New Hampshire Department of Health and Human Services - Bureau of Drug and Alcohol Services (BDAS). The Organization reports the grant funding as income for the period in which services are rendered and costs are incurred.

Under the terms of the grant, no patient may be denied services due to an inability to pay for such services. Consequently, all patients are billed on a sliding fee scale based upon their financial resources. The difference between the established rates and the amount collectible and the difference between the established rates and third-party payments are deducted from gross service revenue.

Note 6: Noncash Transactions

For the year ended June 30, 2011, the Organization scrapped assets with a net book value of \$51, incurring a loss on the transaction.

Note 7: Subsequent Events

Management has evaluated subsequent events through November 12, 2013, which is the date the financial statements were available to be issued.



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate
Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

G&C Approved

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

Date 6/5/13
Item # 102A

52.6% Federal
47.4% General

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug and Alcohol Services, to exercise renewal options with vendors by increasing the price limitations by \$7,596,887 in aggregate from \$7,596,890 in aggregate to \$15,193,777 in aggregate for a continuum of substance abuse treatment services state-wide and extending the completion date from June 30, 2013 to June 30, 2014, effective July 1, 2013 or date of Governor and Council approval, whichever is later.

Summary of contracted amounts by vendor:

<u>Vendor</u>	<u>Amount</u>
Child and Family Services of New Hampshire	\$86,803
Concord Hospital, Inc.	\$74,406
Families First of the Greater Seacoast	\$28,922
Families in Transition	\$332,530
Greater Nashua Council on Alcoholism	\$1,356,945
Headrest, Inc.	\$251,450
Horizons Counseling Center, Inc.	\$189,576
Manchester Alcoholism Rehabilitation Center	\$1,120,599
The Mental Health Center of Greater Manchester, Inc.	\$27,114
Monadnock Family Services	\$97,819
Northern Human Services	\$199,025
Phoenix Houses of New England, Inc.	\$1,457,490
National Council on Alcoholism and Drug Dependence of Greater Manchester	\$432,468
Southeastern New Hampshire Alcohol and Drug Abuse Services	\$1,329,836
Tri-County Community Action Programs, Inc.	\$611,904
TOTAL	\$7,596,887

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 2 of 4

Funds to support this request are anticipated to be available in the following accounts in SFY 2014 upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts within the price limitation and amend the related terms of the contracts without further approval from Governor and Executive Council.

05-95-49-491510-2989 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, GOVERNOR COMMISSION FUNDS (100% General Funds)

05-95-49-491510-2990 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, CLINICAL SERVICES (34.4% General 65.6% Federal)

Please see attachment for financial details

EXPLANATION

The requested action seeks approval of 15 of 17 agreements that represent \$7,596,887 of the \$7,741,314 total anticipated to be spent state-wide to provide a continuum of substance abuse treatment services via the accounting codes listed. These services include community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children. This request seeks to exercise the renewal option that exists within each of the vendor contracts. The Department anticipates that the remaining two agreements will be presented to Governor and Executive Council on June 19, 2013.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, these contracts will continue to allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
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In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

The vendors were originally selected for this agreement through a competitive bid process. This request covers services for the period July 1, 2013 to June 30, 2014, and anticipates exercising the option to renew for one additional year as provided all of the previous vendor contracts, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with the listed vendors in State Fiscal Year 2013 in the amount of \$7,741,314 in the aggregate. This agreement represents level funding of all vendors.

The following performance measures will be used to measure the effectiveness of the agreements:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for I intensive outpatient treatment services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 4 of 4

Contractors, with the exception of those agencies that only offer outpatient services, are required to develop the capacity for group recovery support aftercare services for a minimum of 25% of the number treatment clients (including outpatient and transitional living program clients) they are under contract to serve. Group recovery support aftercare services are services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Recovery Support Services include, but are not limited to, guidance in financial management, parenting, vocational training, life management and spiritual counseling as well as transportation and child-care. These group recovery support services are for clients discharged from substance use disorder treatment services provided under contract with the Bureau of Drug and Alcohol Services on behalf of the Department, which may include clients that had received SUD treatment from the Contractor or a different agency. Contractors are only allowed to access these services for their clients or clients that had received substance use disorder treatment from a different agency through the statewide care coordination program under agreement with the Bureau of Drug and Alcohol Services on behalf of the Department.

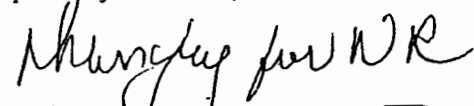
All treatment programs under contract with the Bureau of Drug and Alcohol Services on behalf of the Department are required to report on the National Outcome Measures (see attached) established by the Substance Abuse and Mental Health Services Administration, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the Electronic Health Record/Web Infrastructure Treatment System. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions. The Contractor is expected to meet or exceed these percentages as measured by the Electronic Health Record/Web Infrastructure Treatment System.

Area served: State-wide

Source of Funds: 52.6% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant and 47.4% General .

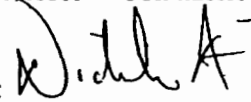
In the event that the Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:


Nicholas A. Toumpas
Commissioner



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

May 25, 2012

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

Approved by: G+C
Date: 6/20/12
Item No.: 99
Contract No.: 1024156

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug & Alcohol Services, to enter into an agreement with Horizons Counseling Center, Inc. (Vendor #156808 B001), 25 Country Club Road, Suite 705, Gilford, NH 03249, to provide for a continuum of substance abuse treatment services, in an amount not to exceed \$189,576.00 to be effective July 1, 2012 or date of Governor and Council approval, whichever is later, through June 30, 2013. Funds are available in the following accounts for State Fiscal Year 2013:

05-95-95-958410-5365 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, ALCOHOL AND OTHER TREATMENT

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95846501	\$87,195.00
			Subtotal	\$87,195.00

05-95-95-958410-1388 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT AND PREVENTION, GOVERNOR

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95848501	\$42,532.00
			Subtotal	\$42,532.00

05-95-95-958410-1387 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, TREATMENT-PREVENTION-STATE

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95841387	\$59,849.00
			Subtotal	\$59,849.00
			Total	\$189,576.00

EXPLANATION

The purpose of this agreement is to provide a continuum of substance abuse treatment services such as community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children, in the Gilford, Laconia and Plymouth areas.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, this contract will allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

Horizons Counseling Center, Inc. was selected for this agreement through a competitive bid process. A Request for Proposals was posted on the Department's web site on March 6, 2012 through April 2, 2012. In addition, a bidder's conference was held on March 12, 2012.

A total of 19 proposals were received. A review committee of three professionals reviewed each proposal. All reviewers have between three to twenty years experience managing agreements with vendors for various public health programs. Areas of specific expertise include: maternal and child health; substance abuse prevention and treatment; chronic and communicable diseases; and public health infrastructure. Eighteen of the proposals were selected for funding based on review criteria that included availability of funds, consistency with stated funding priorities, technical score, and equitable geographic distribution. The agency that was not selected did not meet the minimum scoring criteria established for funding. The Bid Summary is attached.

This request covers services for the period July 1, 2012 to June 30, 2013, with an option to renew for one additional year, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with this agency in State Fiscal Year 2012 in the amount of \$189,576.00. This agreement represents level funding.

The following performance measures will be used to measure the effectiveness of the agreement:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services (OP)
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services (IOP) – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for IOP services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

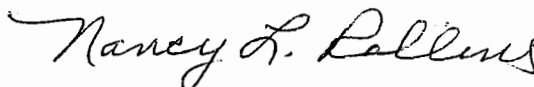
Area served: Gilford, Laconia and Plymouth areas.

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
May 25, 2012
Page 4 of 4

Source of Funds: 45.99% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant, 50.85% General Funds and 3.16% Other (Highway) Funds.

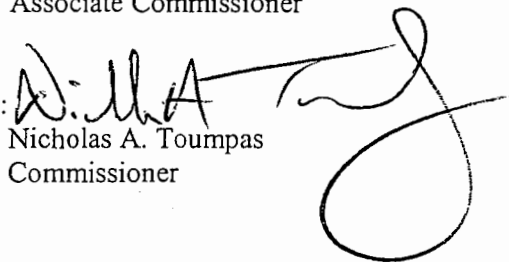
In the event that the Federal or Other Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner

NLR/ljp

RF-MFP CRITERIA		Max Pts																		
Experience and Capacity Approach	15	14.00	13.00	15.00	15.00	13.00	13.00	11.00	12.00	14.00	15.00	13.00	15.00	13.00	12.00	15.00	12.00	13.00	10.00	
	50	42.00	46.00	48.00	48.00	47.00	47.00	41.00	47.00	46.00	40.00	43.00	48.00	45.00	42.00	48.00	38.00	27.00	27.00	
	25	24.00	25.00	25.00	24.00	23.00	23.00	23.00	20.00	22.00	18.00	25.00	19.00	24.00	16.00	22.00	23.00	23.00	16.00	
Financial Sustainability	10	7.50	8.30	9.00	10.00	7.00	7.00	7.50	6.90	8.30	9.50	9.00	6.50	9.50	7.20	6.50	7.50	7.20	8.30	
	100	88.00	97.00	97.00	97.00	90.00	90.00	83.00	86.00	84.00	88.00	89.00	82.00	97.00	81.00	83.00	93.00	81.00	87.00	58.00

BUDGET REQUEST	\$120,236	\$95,000	\$27,207	\$406,794	\$2,221,664	\$17,050	\$116,428	\$1,750,112	\$285,000	\$245,963	\$30,000	\$153,154	\$244,501	\$2,615,553	\$513,951	\$1,329,836	\$57,567	\$747,691	\$920,630
BUDGET AWARDED	\$56,803	\$74,406	\$28,922	\$322,530	\$2,211,599	\$17,050	\$116,428	\$1,750,112	\$285,000	\$245,963	\$30,000	\$153,154	\$244,501	\$2,615,553	\$513,951	\$1,329,836	\$57,567	\$747,691	\$920,630

Name	Job Title	Dept/Agency	Qualifications
1 Tyri Rourke	Sub. Use Disorders	Grantmaking/GC	All reviewers have
2 Pamela Sullivan	Youth Counselor	SYDC	between 3-20 years
3 Heidi Young	Program Specialist	DCYF	experience managing
4 Bernice Bluhm	Prog. Planner/Rev. Spec.	Family Services	agreements with
5 Alan West, Ph.D.	Psychologist/VA	TX/Co-occurring	vendors for various
6 Mary Miller	Prog. Spec. IV	OCPH	DHHS and DOC
7 Michelle Riccio	Prog. Spec. IV	DPHS	programs. Areas of
8 Kathleen Hessefort	Internal Auditor I	BDAS/FBO	specific expertise
9 Linda Keller	Administrator I	BDAS-RAD	include Maternal and
10 Michael Lawless	Prog. Spec. IV	BDAS/CSU	Child Health;
11 Bruce Blaney	Regional Coordinator	BDAS-CSU	Substance Abuse
12 Jim Shanley	Administrator I	BDAS-FBOU	
13 Linda Parker	Prog. Spec. IV	BDAS-CSU	
14 Rosemary Shannon	Administrator I	BDAS-CSU	
15 Rob O'Hannon	ATR Prog. Spec.	BDAS/ATR	
16 Jaime Powers	Tx&Rec. Serv. Coord.	BDAS/ATR	
17 John Sweeney	Systems Dev.	BDAS/IT	
18 Michael Rodgers	Assistant Administrator	BDAS	
19 Jeffrey Metzger	Sr. Mngt. Analyst	BDAS/PSU	
20 Ann Crawford	Regional Coordinator	BDAS/PSU	
21 Valerie Morgan	Administrator I	BDAS/PSU	



New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services

State of New Hampshire
Department of Health and Human Services
Amendment #2 to the Substance Use Disorder Treatment and Recovery Support Services
Contract

This 2nd Amendment to the Substance Use Disorder Treatment and Recovery Support Services contract (hereinafter referred to as "Amendment 2") dated this 15th day of May 2014, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Manchester Alcoholism Rehabilitation Center (hereinafter referred to as "the Contractor"), a non-profit corporation with a place of business at 555 Auburn Street, Manchester, NH 03103.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on June 20, 2012, (item # 104) and amended by an agreement (Amendment #1 to the Contract) approved on June 5, 2013, (Item # 102A), 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, the State may amend the Contract by written agreement of the parties; and;

WHEREAS, the parties agree to extend the current contract by one year.

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:

- 1) Amend Form P-37, Block 1.6 to read:
 - a) 05-95-49-491510-29890000-102-500734
 - b) 05-95-49-491510-29900000-102-500734
- 2) Amend Form P-37, Block 1.7 to read June 30, 2015.
- 3) Amend Form P-37, Block 1.8 to read \$3,361,797
- 4) Delete Exhibit A and replace with Exhibit A Amendment #2
- 5) Delete Exhibit B and replace with Exhibit B Amendment #2



New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services

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,

5/28/14
Date

State of New Hampshire
Department of Health and Human Services

Shirley L. Rocklin
NAME
TITLE Director

Manchester Alcoholism Rehabilitation Center

5/10/2014
Date

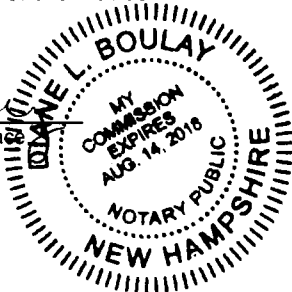
Elin Treanor
NAME
TITLE Elin Treanor
COD/CFO

Acknowledgement:

State of New Hampshire, County of Hillsborough on 5/20/14, 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~~

Diane L. Boulay
Name and Title of Notary or Justice of the Peace





New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services

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

OFFICE OF THE ATTORNEY GENERAL

6-2-14
Date

Rosemary Wiant
Name: *Rosemary Wiant*
Title: *Assistant Attorney General*

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:

Er
Contractor Initials: _____
Date: *5/20/14*

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



Exhibit A Amendment #2

Scope of Services

A. Population Served

Services are available to New Hampshire residents who meet diagnostic, financial, and other eligibility criteria for Department of Health and Human Services supported substance use disorder services as defined in Section C, Clients Eligible for Treatment Services.

B. The Contractor shall provide treatment services as identified below:

Service Table - An "X" denotes that the Contractor shall provide that service(s) to eligible individuals in accordance with all applicable laws, rules, and regulations and terms and conditions of this Agreement.

Required Services	Treatment Services
X	Outpatient Treatment (ASAM Level 1) - Substance abuse treatment services provided in individual and group counseling sessions in a non-residential setting. Clients may be enrolled in outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Outpatient Treatment (ASAM Level 1) – Pregnant & Parenting Women – Outpatient Treatment as identified above provided to pregnant & parenting women.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – A combination of individual and group substance abuse treatment services conducted in an outpatient setting for a minimum of 3 hours of direct client treatment services per day for a minimum of three days per week. Clients receiving less than this level of service should be enrolled in an outpatient program. Clients may be enrolled in intensive outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – Pregnant & Parenting Women - Intensive Outpatient Treatment as identified above provided to pregnant & parenting women.
	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Residential substance abuse treatment services are designed to support individuals in the early stages of recovery that need this residential level of care and/or are homeless. The goal of these programs is to prepare clients to become self-sufficient in the community. Clients may be enrolled in low-intensity residential treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days. Residents typically work in the community and may pay a portion of their room and board.
	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Pregnant Women - Low-Intensity Residential Treatment as identified above provided to

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



Exhibit A Amendment #2

	pregnant & parenting women.
X	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Short-term residential substance abuse treatment designed to assist individuals who require a more intensive level of service in a structured setting and/or individuals that may be homeless. Admission is on a voluntary basis. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Pregnant Women - High-Intensity Residential – Adult and Medium Intensity Residential – Adolescent as identified above provided to pregnant women.
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5) - Residential treatment services for pregnant and parenting women and their children. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Recovery Support Services: Group or individual services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Examples of recovery support services include, but are not limited to: assisting clients with enrollment in Medicaid, the New Hampshire Health Protection Program (NHHPP), or private insurance, anger management, financial management, communication skills, spiritual support, parenting skills, health management, case management, organization and time management, recovery coaching, recovery mentoring, stress management, and vocational services. Programs may focus on a single recovery support service or provide a curriculum that includes an array of recovery support services. Types of Recovery Support Services are listed below:
X	Continuous recovery monitoring services are regular follow-ups with clients to assess the status of the client's recovery, identify any needs the client may have and help the client to address those needs, and provide early intervention for client's who have relapsed or who's recovery is otherwise at risk.
	Enhanced Services are specialized services that remove barriers to a client's participation in treatment. Examples of these services are child care while a parent is participating in treatment or transportation to and/or from the treatment site.
X	Recovery Support Services as identified above provided to pregnant & parenting women.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

C. Required Services

Priority Admission:

- 1) The Contractor shall give admission preference to pregnant women and women with dependent children, even if the children are not in their custody, as long as parental rights have not been terminated, including the provision of interim services within the required 48 hour time frame.
- 2) Individuals with a history of injection drug use including the provision of interim services within 14 days.
- 3) Individuals with a primary diagnosis of a substance use disorder, which may also include a co-occurring mental health disorder.
- 4) Individuals on medication-assisted treatment for co-occurring substance abuse and mental health disorders or various opiate replacement therapies, including, but not limited to, methadone, buprenorphine and naltrexone.

Required Outreach:

New Hampshire Department of Health & Human Services (DHHS) programs receiving federal treatment Block Grant funds requires that Contractors must publicize services available to pregnant or parenting women and injection drug users in need of substance abuse treatment and that these individuals receive preference for admission to treatment. This may be done as follows, but is not limited to, street outreach programs, ongoing public service announcements (radio/television), regular advertisements in local/regional print media, posters placed in targeted areas, and frequent notification of availability of such treatment distributed to the network of community based organizations, health care providers and social service agencies. The Contractor will submit their outreach plans to DHHS through the Bureau of Drug and Alcohol Services (BDAS) within 60 days of contract effective date.

Health Facilities Administration Licensing Requirements:

Housing programs with substance abuse treatment services at the same location will need to secure necessary licensing as a Residential Rehabilitation Facility by the DHHS Bureau of Health Facilities Administration, as appropriate, see He-P 807 at the following link: (http://www.gencourt.state.nh.us/rules/state_agencies/he-p800.html). Any contractor with an American Society of Addiction Medicine (ASAM) (October 2013) Level 3.3 or higher level program must secure this licensing for all Level 3 programs housed within the same facility as the Level 3.3 program. In the case of residential treatment and housing at the same site, residential programs should plan to treat no more than 16 pregnant or parenting women at any given time to comply with federal Medicaid restrictions on Institute for Mental Diseases (IMD) exclusion criteria. This restriction would not apply to programs in which the client's residence is in a separate location from the treatment program.

Capacity Reporting:

The Contractor must contact BDAS, as agent for DHHS, when their capacity has reached 90% within 5 business days. The Contractor must refer pregnant women to the State when the Contractor has insufficient capacity to provide services to any such pregnant women who seek the services of the program. Sending e-mail to the BDAS Clinical Services Unit Administrator may complete this notification process.

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Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

Access to Services:

The Contractor shall respond to calls requesting treatment and/or transitional living program services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within 2 business days following the day the call was received.

The Contractor is required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.

Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client should be referred to a DHHS funded provider where they are able to access interim services.

Contractors receiving grant funds from DHHS will not discriminate against clients who are using legitimate medications to assist their recovery and will not have policies that allow them to refuse admission to treatment or to discharge clients from treatment based on the use of appropriately prescribed medications and various opiate replacement therapies, including, but not limited to, methadone and buprenorphine, as well as other forms of medication-assisted treatment for co-occurring substance abuse and mental health disorders.

Clients Eligible for Treatment Services:

In order to be eligible for DHHS supported services, a client must meet all eligibility criteria described below. Eligibility determination shall be conducted as follows:

1. Substance Use Disorder, Financial Eligibility & Residency Screening: The contractor shall complete the eligibility screening module in the Web Information Technology System (WITS) to determine if the client meets residency, financial, and substance use disorder potential eligibility requirements:
 - a. Residency: The client must be a resident of New Hampshire or homeless in New Hampshire to be eligible for DHHS supported services; and
 - b. Financial Eligibility: The client's income must be below 400% of Federal Poverty Level (FPL) to be eligible for DHHS supported services based on the sliding fee scale described below. Once the screening has been completed, the contractor shall print the associated attestation and have the client sign this document. A copy of the signed attestation shall be maintained in the client file. The client's financial eligibility shall be reassessed no less than every 120 days.; and
 - c. Potential for a Substance Use Disorder: The client must screen positive for a potential substance use disorder to be eligible for DHHS funded services.
2. Evaluation: The contractor shall conduct a full substance abuse evaluation, which includes administration of either the Addiction Severity Index (ASI) in WITS or Global Appraisal of Individual Needs (GAIN).
 - a. Substance Use Disorder: This evaluation shall be used to determine if the client meets Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM5) criteria for a substance use disorder. Clients who meet DSM5 criteria for a substance use disorder are eligible for DHHS funded services. Client who do not meet these criteria are not eligible for DHHS funded services.



Exhibit A Amendment #2

- b. Level of Care: For clients who have met all other eligibility requirements, this evaluation shall be used to determine the appropriate level of care for the client based on ASAM (October 2013) criteria. The client is eligible for DHHS funded services at the assessed level of care unless such a level of care is unavailable or the client chooses to enter a lower level of care. If the assessed level of care is unavailable, the client may choose to enter the next higher level of care.
3. Medicaid/NHHPP Eligibility: The contractor shall determine whether or not the client is eligible for Medicaid/NHHPP coverage for the identified level of care. If the client is not eligible for Medicaid/NHHPP coverage for the identified level of care, the client may be eligible for DHHS funded services. If the client is eligible for Medicaid/NHHPP coverage for the identified level of care, the client is not eligible for DHHS funded services.
4. Insurance Coverage: The contractor shall determine whether or not the client has insurance that will cover services at the identified level of care. If the client does not have insurance that will reimburse for these services at a rate equal to or greater than the DHHS rate, the client is eligible for DHHS funded services. If the client has insurance that will reimburse for these services at an amount equal or greater to the DHHS reimbursement rate, the client is not eligible for DHHS funded services. The contractor may not charge the combination of the client, any 3rd party payor, and DHHS more than the maximum charge allowed. These parties shall be charged in the following order:
 - a. The maximum allowed charge will be billed to the client's insurer, if applicable.
 - b. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
 - c. The balance of the maximum allowed charge after deducting the client's portion and the insurance payment, if applicable, shall be charged to DHHS.

Sliding Fee Scale:

The contractor shall not charge the combination of the client, any 3rd party payor and BDAS an amount greater than the maximum rate allowed for each service. All reasonable efforts shall be made to collect payment of bills. A client's inability to pay shall not preclude admission to the program and treatment.

- Client Income is 0% - 138% of FPL: 100% of the allowed charge less any amount paid for by insurance.
- Client Income is 139% - 149% of FPL: 92% of the allowed charge less any amount paid for by insurance.
- Client Income is 150% - 199% of FPL: 88% of the allowed charge less any amount paid for by insurance.
- Client Income is 200% - 249% of FPL: 75% of the allowed charge less any amount paid for by insurance.
- Client Income is 250% - 299% of FPL: 60% of the allowed charge less any amount paid for by insurance.
- Client Income is 300% - 349% of FPL: 43% of the allowed charge less any amount paid for by insurance.
- Client Income is 350% - 399% of FPL: 33% of the allowed charge less any amount paid for by insurance.

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With respect to minority age individuals, a minor child shall not be denied services as a result of the parent's unwillingness to pay the fee or the minor child's decision to receive confidential services pursuant to RSA 318-B:12-a.

Waiting List Management:

When a person who is pregnant or an injection substance abuser seeks treatment and there are no appropriate treatment services available within the required time frame as outlined below, interim services **must** be made available. The Contractor agrees to maintain the wait list management system in WITS that includes a unique patient identifier and include information on dates of requests for admission to treatment, provision of interim services and source for those services, referrals made for treatment or interim services, and disposition of clients on the waiting list.

- The waiting list must contain a mechanism that identifies and counts the number of applicants who present and are determined to be appropriate for substance abuse treatment but are unable to be placed as there is no capacity;
- Maintain contact with individuals awaiting admission; and,
- Admit or transfer waiting list clients at the earliest possible time to an appropriate treatment program within a reasonable geographic area.

The Contractor shall remove a client awaiting treatment from the waiting list only when one of the following conditions exists:

- Such persons cannot be located for admission into treatment *or*
- Such persons refuse treatment.

Specific Interim Services for Pregnant Women, Women with Dependent Children and Injection Drug Users:

The Contractor agrees to contact the BDAS Clinical Services Unit if a pregnant women and women with dependent children or individuals with a history of injection drug use, cannot be accepted into treatment within specific time frames, and agrees that interim services will be provided or facilitated by the Contractor. Interim services for pregnant women must include counseling on the effects of alcohol and drug use on the fetus, referrals for prenatal care, and counseling and education about HIV and tuberculosis. Interim services for injection drug users must also include counseling and education in the risks of needle sharing, about the risks of transmission to sexual partners and infants, and referral for HIV, Hepatitis C and tuberculosis screening/testing. All interim services shall be documented in the client's clinical record in the WITS system.

Interim Services for other Clients:

The Contractor shall provide, or refer the client to, interim services until level of service identified in the level of care assessment is available and/or the client is willing and assessed as being sufficiently motivated to take advantage of the proposed level of service or interim services. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client shall be referred to a DHHS funded provider where they are able to access interim services.

Services to pregnant and parenting women:

The Contractor further agrees that childcare will be made available to women who are in treatment with their dependent children, either through on-site care or through arrangements with an off-site legal childcare provider. Other services required are as follows:

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- The family is treated as a unit and, therefore, admits both women and their children into treatment services, if appropriate.
- The Contractor shall provide or arrange for primary medical care for women who are receiving substance abuse services, including prenatal care.
- The Contractor shall provide or arrange for childcare while the women are receiving services even if the children are not in their custody, as long as parental rights have not been terminated.
- The Contractor shall provide or arrange for primary pediatric care for the women's children, including immunizations.
- The Contractor shall provide or arrange for gender-specific substance abuse treatment and other therapeutic interventions for women that may address issues of relationships, sexual abuse, physical abuse, and parenting, and childcare while the women are receiving these services.
- The Contractor shall provide or arrange for therapeutic interventions for children in custody of women in treatment, which may, among other things, address the children's developmental needs, their issues of sexual and physical abuse, and neglect.
- The Contractor shall provide or arrange for sufficient case management and transportation services to ensure that the women and their children have access to the services provided for above.
- If a pregnant, pregnant injection drug using or Injection Drug Using person refuses treatment or says (s)he is not interested in treatment, the wait list report shall be completed with the engagement activities attempted.
- If a pregnant, pregnant injection drug using or Injection Drug Using person no shows or cancels treatment, interim services must be provided, as stipulated above and the wait list report shall be completed that demonstrates the activities of follow up, engagement and substance abuse treatment services offered.

Relationship(s) with Primary Health Care:

The Contractor shall arrange and coordinate services and exchange of information with other health care providers and agencies which:

- Identifies the client's current Primary Care Provider (PCP) at screening and/or intake.
- If the client has no current PCP, the Contractor shall identify available provider(s) in the client's local area such as a federally qualified community health center, community health center, or other local health services.
- Obtains client/patient authorization to communicate with PCP office.
- If no authorization is completed initially, the Contractor shall educate client as to the importance of engaging the PCP in ongoing care and address the client's concerns as part of treatment, with goal of obtaining authorization before discharge.
- Sends the discharge summary to PCP and offers to discuss recovery issues with the provider.
- Arranges (or has the client arrange) a post-discharge appointment with PCP for the client/patient for follow-up of the substance use disorder.

Tobacco Cessation:

The Contractor shall have policies and procedures for both client and Contractor staff, that not only creates a tobacco-free environment as required by law, but to offer tobacco cessation tools and programming. Tobacco use, in and of itself, shall not be grounds for administrative discharge from the program. Initially, all clients shall be assessed for motivation in stopping the use of tobacco products. Providers may tap into resources such as the DPHS Tobacco Prevention & Control Program (TPCP) and

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the certified tobacco cessation counselors available through the QuitLine. Other resources for providers include:

Breathe New Hampshire
145 Hollis St., Unit C
Manchester, NH 03101
603-669-2411 (phone) or 1-800-835-8647

The New Hampshire Medicaid program covers:

- Nicotine Replacement Therapy (NRT) Gum,
 - NRT Patch,
 - NRT Nasal Spray,
 - NRT Lozenge,
 - NRT Inhaler,
 - Varenicline (Chantix),
 - Bupropion (Zyban),
 - Group Counseling and/or
 - Individual Counseling. Up to 12 individual counseling sessions are covered per year through a mental health provider (Note: These sessions would NOT be in addition to other mental health counseling sessions under Medicaid). Pregnant women also have the option of group counseling.
- For more information, visit the website at:
<http://www.dhhs.state.nh.us/DHHS/MEDICAIDPROGRAM/default.htm>

Tuberculosis:

The Contractor shall make available tuberculosis services (defined as screening, counseling, testing, and treatment) directly, or through other providers, to each client receiving treatment. In the case of an individual denied admission due to lack of capacity, the substance abuse treatment Contractor will refer the individual to another provider of tuberculosis services if appropriate. All Contractor providing residential services shall make available, either on-site or through agreements with health care providers, tuberculosis services, including screening, testing, counseling and referral for medical treatment.

Physical location and facilities:

For the purpose of providing the services described in Section II of the Scope of Services, the Contractor shall obtain and maintain a suitable space complying with all fire, health, and safety codes to include handicapped accessibility and being wheelchair accessible.

The Contractor shall obtain written prior approval of DHHS, acting through BDAS, before entering into any agreement concerning relocation of the service site.

Culturally and Linguistically Appropriate Standards of Care:

DHHS recognizes that culture and language have considerable impact on how consumers access services. Culturally and linguistically diverse populations experience barriers in efforts to access services. To ensure equal access to quality services, DHHS expects that Contractors shall provide culturally and linguistically appropriate services according to the following guidelines:

1. Assess the ethnic/cultural needs, resources and assets of their community.
2. Promote the knowledge and skills necessary for staff to work effectively with consumers with respect to their culturally and linguistically diverse environment.

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3. When feasible and appropriate, provide clients of Limited English Proficiency (LEP) with interpretation services. Persons of LEP are defined as those who do not speak English as their primary language and whose skills in listening to, speaking, or reading English are such that they are unable to adequately understand and participate in the care or in the services provided to them without language assistance.
4. The Contractor is responsible for reasonable accommodations in arranging for interpreter services for hearing impaired clients.
5. The Contractor offers consumers or clients a forum through which those individuals have the opportunity to provide feedback to the Contractor regarding cultural and linguistic issues that may deserve response.

Compliance with State and Federal Laws:

The Contractor is responsible for compliance with all relevant state and federal laws. Special attention is called to the following statutory responsibilities:

1. All services provided pursuant to this Contract shall be subject to the most current proposed or formalized rules and regulations promulgated by DHHS, pursuant to RSA 541-A.
2. The Contractor shall maintain adherence to federal and state confidentiality laws specifically: 42 CFR Part 2B, N.H. RSA 318 B:12 and N.H. RSA 172:8-A and the Health Insurance Portability and Accountability Act (HIPAA): <http://www.hhs.gov/ocr/privacy/>
3. The Contractor shall meet the standards outlined in NH Administrative Rule He-A 300, Certification and Operation of Alcohol and other Drug Disorder Treatment Programs. This administrative rule is currently expired and under revision. The Contractor should plan to meet the requirements as outlined in the expired rule until the revisions are completed. He-A 300 can be viewed on the RFP link to this document <http://www.dhhs.nh.gov/business/rfp/index.htm>.
4. The Contractor shall, upon the direction of the State, provide court-ordered evaluation in their catchment area and a sliding scale fee shall apply and the inability to pay shall not interfere with the completion and submission of the court-ordered evaluation and shall, upon the direction of the State, offer treatment to those individuals pursuant to RSA 172:13.
5. Contractors considering research, including research conducted by student interns, using individuals served by this contract as subjects must adhere to the legal requirements governing human subjects' research. Contractors must inform the DHHS via contact with BDAS prior to initiating any research involving subjects or participants related to this contract. In addition, research conducted on subjects served by this contract may need to be approved by the New Hampshire Department of Health & Human Services Committee for the Protection of Human Subjects (NH DHHS CPHS) see <http://www.dhhs.nh.gov/irb/>

Client Stabilization:

The Contractor will be expected to arrange for medical clearance for all clients receiving treatment services supported by DHHS administered by BDAS to assure that they are not at risk for acute withdrawal from alcohol and certain drugs. The Contractor shall be expected to provide a range of integrated services that include withdrawal management services that follow detoxification guidelines outlined in Treatment Improvement Protocol (TIP) #45, Detoxification and Substance Abuse Treatment and ASAM guidelines.

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



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Clinical Services:

The Contractor shall provide the following:

- a. A minimum of one (1) substance abuse counselor on site each day of the week during primary treatment hours. The substance abuse counselor shall have a bachelor's degree or equivalent in social work/psychology, guidance or nursing and/or a certificate in the field of addiction studies from an approved educational institution or educational/life experience.
- b. A minimum of one (1) substance abuse support staff on site each day of the week during all hours not covered by a substance abuse counselor. The substance abuse support staff must have a high school or General Equivalency Diploma (GED). Preference is given to individuals who have completed additional courses or taken training in substance use disorders or other health fields.
- c. An intake/admission coordinator on site Monday through Friday of each week. The intake/admission coordinator shall have one (1) years' work experience in the field of addiction studies.
- d. A full-time Executive Director, not filling any of the positions described above.

Evaluation:

The contractor shall conduct a full substance abuse evaluation, which includes administration of either the ASI or GAIN to determine eligibility for services. This evaluation must be updated every 120 days or when the client transitions to a different level of care.

Assessment of Risk for Self-Harm/Suicide: The Contractor shall have policies and practices for assessing risk of self-harm at all phases of treatment, such as at initial contact, during screening, intake, admission, on-going treatment services and at discharge, and a process for referral when necessary to include referrals to mental health services.

The Contractor shall develop policies, programs and protocols in accordance with SAMHSA guidelines as outlined in the Treatment Improvement Protocols (TIPs) and Technical Assistance Publications (TAPs). These publications can be downloaded from <http://www.kap.samhsa.gov/products/manuals/index.htm>.

Use of Best Practices: The Contractor is required to use the Addiction Severity Index (ASI) or Global Appraisal of Individual Needs (GAIN) assessment tools, the SAMHSA/NIDA MATRS treatment-planning model and the WITS electronic case management system.

Care Coordination:

The Contractor is required to assess each client's need/appropriateness for residential transitional living services and to refer all clients for care coordination services made available through the Access to Recovery (ATR) initiative administered by the BDAS so long as this initiative remains available on behalf of DHHS that would commence following the initial course of treatment. Contractors are required to address motivational issues with clients for them to participate effectively in the care coordination and recovery support services. Contractors are required to have clients sign the "ATR Client Participation Agreement" (made available by BDAS), indicating that they either agree or opt out of participating in these services. The contractor will facilitate all clients who agree to participate in these services to complete the Client Participation Agreement and upon obtaining a signed release of information, refer clients to an ATR Care Coordinator Program at least two weeks prior to anticipated date of discharge (dis-enrollment) from services. Assessing the need for aftercare services is expected to take place while

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

the client is involved within the most recent episode of care, with a referral being made and accepted by the care coordination service prior to the client being discharged.

The Contractor must provide the following for use by the care coordination program:

- Private space for interviewing/meeting with clients.
- Access to internet (either wired or wireless) in the meeting space
- Telephone in the meeting space and
- A contact person at the Contractor's site for logistics.

It is the expectation of the BDAS at DHHS that, upon completion of appropriate signed releases, the Contractor will provide the care coordination program with necessary information from the clinical record (evaluation, treatment plan, progress notes, etc.) for the care coordination program to develop a service plan with the client.

All alcohol and other drug treatment providers under contract with the BDAS on behalf of DHHS are required to address with all clients, the need for continuing services. This includes clinically managed low-intensity treatment programs under contract with the BDAS on behalf of DHHS as well as care coordination and recovery support services made available through DHHS contracted providers; the ATR initiative administered by BDAS, so long as this initiative remains available; and/or any other resources that become available to pay for these services that would commence following the initial course of treatment. The referral for these services should take place prior to discharge from the initial course of treatment.

Relevant Policies and Guidelines:

The services provided for in this agreement shall be in addition to the services provided for in any other agreement between the State of New Hampshire, any of its agencies, or any of its officers, and the Contractor.

Without limiting the generality of any other provisions of this agreement, the Contractor shall cooperate fully with, and answer all questions of representatives of the State conducting any periodic or special review of the performance of the Contractor or any inspection of the facilities of the Contractor.

Publications Funded Under Contract:

All products produced under this contract are in the public domain. All products (written, video, audio) produced, reproduced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution, or use. The Contract shall credit DHHS on all materials produced under this contract.

Student Internships:

The Contractor shall establish policies and procedures related to student interns that address minimum coursework, experience and core competencies for those interns having direct contact with individuals served by this contract. Student interns shall complete an approved ethics course prior to beginning the internship.

**New Hampshire Department of Health and Human Services
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Staff Licensing Requirements:

The ratio of licensed to non-licensed service providers shall be as follows:

Agencies must have at least one Licensed, or Masters Licensed, Alcohol and Drug Counselor (LADC/MLADC) for each two unlicensed counselors providing substance abuse treatment services and a sufficient number of MLADCs or LADCs with the Licensed Clinical Supervision (LCS) credential to adequately provide for clinical supervision of all clinical staff. This requirement shall be met by the Contractor no later than six (6) months after the date of the Contract effective date.

Updated resumes, which clearly indicate the staff member is employed by the Contractor, including current positions of staff supported by funds provided through this Contract, shall be forwarded to the BDAS as agent for DHHS. The documentation shall include a copy of the New Hampshire Alcohol and Drug Counselor License.

Staff Certification Requirements:

In addition to the requirements for LADCs, all Contractor milieu staff in residential settings and transitional living programs and staff providing recovery support aftercare group services shall be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification under RSA 330-C (<http://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XXX-330-C.htm>). Certification must be completed within six (6) months of the contract's approval date.

Staff providing recovery support services are expected to be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification. Peer recovery support services made available through Recovery Community Organizations (RCOs), under agreement with BDAS on behalf of DHHS, shall be provided by individuals certified by those organizations (CRSW not required for peer recovery support services).

Supervision:

Ongoing clinical supervision will include weekly discussion of cases with suggestions for resources or therapeutic approaches, co-therapy, and periodic assessment of progress. When enough candidates are under supervision, group supervision may be included to help optimize the learning experience.

The content of supervision must include knowledge, skills, values, and ethics with specific application to the practice issues faced by the supervisee, including the core functions as described in the Twelve Core Functions of Alcohol and Drug Counseling.

The content of supervision must also include the standards of practice and ethical conduct, with particular emphasis given to the counselor's role and appropriate responsibilities, professional boundaries, and power dynamics.

Staffing Changes:

BDAS as agent for DHHS shall be notified of changes in key personnel with updated resumes that clearly indicate the staff member is employed by the Contractor submitted within five (5) working days. Key personnel are those staff for whom at least 10% of their work time is spent providing alcohol or other drug abuse treatment services.

**New Hampshire Department of Health and Human Services
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Exhibit A Amendment #2

1. New Hires: The Contractor shall notify BDAS on behalf of DHHS in writing within one month of hire when a new administrator or coordinator or any staff person essential to carrying out this scope of services is hired to work in the program. A resume of the employee, which clearly indicates the staff member is employed by the Contractor, shall accompany this notification.

2. Vacancies: The Contractor shall notify BDAS on behalf of DHHS in writing within 14 calendar days, if at any time, any site funded under this agreement does not have adequate staffing to perform all required services for more than one month.

Other Requirements:

The Contractor shall attend trainings and/or meetings as requested by DHHS.

ATR and Recovery Support Services:

All DHHS funded treatment and recovery support service providers must also be approved Access to Recovery (ATR) providers, so long as the ATR initiative remains available, as this will be the source of funding for these recovery support services through the Voucher Management System (VMS). Information on becoming an ATR provider can be found on the DHHS website: <http://www.dhhs.nh.gov/dcbcs/bdas/atr/becomingprovider.htm>

Regional Network Participation:

The Contractor will designate administrative level staff to regularly participate in the Regional Network and contribute to overall regional network strategic planning, monitoring, evaluation, and cross systems communication efforts. The Contractor is highly encouraged to serve on one of the work groups and contribute to data collection, regional strategic planning and evaluation. Participation will be measured by the annual Partner Survey (<http://www.partnertool.net/>) administered by NH Center for Excellence under contract with BDAS as agent for DHHS.

Performance Measures:

All treatment programs under contract with BDAS on behalf of DHHS are required to report on the National Outcome Measures (NOMs) established by the SAMHSA, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the WITS (electronic case management) system. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions.

Data and Reporting Requirements:

1. Without limiting the generality of any other provisions of this agreement, the Contractor shall provide any periodic or special reports required by the DHHS.
2. The Contractor shall notify BDAS, as an authorized agent of DHHS, whenever the Contractor has reached ninety percent capacity to admit new clients. In addition the Contractor shall have a waiting list management policy in accordance with the SAPT Block Grant requirements. This 90% notification process will become automatic when this operation is fully functional in WITS.
3. The Contractor shall notify DHHS through BDAS, within one working day, if sufficient capacity is not available to provide treatment services to a pregnant woman, parenting woman or injection drug user within the required time frames and a referral elsewhere is not successful and interim services cannot be provided.

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Exhibit A Amendment #2

4. The Contractor shall comply with all research and/or information systems development activities for the electronic case management/Web Information Technology System (CM/WITS) conducted by, or authorized by, DHHS.
5. The Contractor shall administer any client surveys, client evaluations including the addiction Severity Index (ASI) or the Global Appraisal of Individual Needs (GAIN), client treatment outcome instruments, the M.A.T.R.S. Treatment Planning Tool, as required by DHHS.
6. The Contractor must have the ability to communicate and submit required reports via the Web-based submission system and/or e-mail, for treatment s and recovery support services and interim services. All required clinical and documentation activities shall be entered in WITS unless specifically granted an exception by BDAS on behalf of DHHS.

Critical Incident/Sentinel Event Reporting:

The Department's Sentinel Event policy is contained in the following link:
<http://www.dhhs.nh.gov/dcbcs/sentinel.htm>

Division of Community Based Care Services (DCBCS) Sentinel Event Notification:

The preceding events require the immediate verbal notification to the BDAS Assistant Administrator or Clinical Services Unit Administrator upon the discovery of a sentinel event involving an individual(s) receiving services through a DHHS substance use disorder treatment Contractor.

Since the initial and immediate verbal notification of a sentinel event is likely to include protected health information (PHI) as identified below, the Contractor of services to individuals receiving services funded by the DHHS shall disclose PHI in a private and secure manner. Contractors and vendors should not leave voice-mail messages, but instead make direct telephone contact with the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee. If direct telephone contact is not possible, a voice mail message may be left without protected health information, such as medications and relevant medical and psychiatric diagnoses. As soon as possible after the initial verbal notification, the Contractor will mail or fax a completed *Sentinel Event Reporting Form* as directed in this protocol.

Notification shall include the following:

1. Name and phone number of the individual reporting.
2. Name, date of birth (DOB), medications and all relevant medical and psychiatric diagnoses of individual(s) involved;
3. Location, date, and time of event;
4. Description of the event including what, when, where, how, and other relevant information and identification of any other individuals involved;
5. Legal status of the individual involved with regard to guardianship and power of attorney;
6. Community, guardian, family and/or families' knowledge of the event; and
7. Contractor contact person and contact information.

It shall be the responsibility of the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee to notify the DCBCS Quality Improvement Director by e-mail as soon as the BDAS Clinical Administrator or designee becomes aware a Sentinel Event has occurred. The DCBCS Quality Improvement Director shall make immediate notification to the Commissioner. Internal e-mails within the Department may contain PHI and all Department employees will utilize safeguards to ensure the privacy

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of the PHI as stated in the DHHS General Manual Health Insurance Portability and Accountability Act (HIPAA) policy #504.

Each DCBCS contractor recognizes its responsibility to report evidence of neglect, abuse or exploitation to the appropriate regulatory agencies as required by RSA 161-F: 42-57 and RSA 169-C:29. In any case of known or suspected neglect, abuse or exploitation, the Contractor aware of the situation shall follow all applicable rules relative to individual rights protection procedures.

Written follow up information is to be forwarded by the reporting Contractor to the appropriate BDAS Administrator listed below within 72 hours by completing the *Sentinel Event Reporting Form*. To protect clients' confidential information, reporting Contractors should submit the *Sentinel Event Reporting Form* either by fax to the BDAS Assistant Administrator or the BDAS Clinical Services Unit Administrator by a mail service that provides delivery confirmation.

Bureau of Drug and Alcohol Services
Assistant Administrator
105 Pleasant Street
Concord, NH 03301
Or by fax to the BDAS Administrator's Office at 271-6105;

Follow-up information is the responsibility of the Contractor and should be submitted in a way as to protect clients' confidential information such as by mail with delivery confirmation and should include:

1. The *Sentinel Event Reporting Form*(www.dhhs.nh.gov/dcbcs/documents/sentinelform.pdf);
2. Additional details as they are learned or if the status of the situation changes; and,
3. Copies of newspaper articles.

Additionally, DHHS requires critical incident reporting. The Contractor shall report all critical incidents/sentinel events to the BDAS Clinical Services Unit Administrator immediately via telephone. Every effort shall be made to reach the BDAS administrator directly. If a voice message is necessary, sufficient provider contact information shall be provided so that DHHS is able to reach the reporter, or other responsible staff, immediately.

A critical incident includes, but is not limited to, any child or adult protective services report to the Division of Children, Youth and Families (DCYF), or the Bureau of Elderly and Adult Services (BEAS), respectively, regarding any incident involving 1) a staff/employee to youth or client, 2) youth to youth, or 3) client to client. This includes incidents that occur while a client is on leave, or on a pass, from the Contractor and may be off site at the time the incident occurred.

A sentinel event is an unexpected occurrence involving the death or serious physical or psychological injury, or risk thereof, signaling the need for immediate investigation and response.

Death or any serious injury or medical emergency regarding staff or clients that requires emergency medical attention (EMT or other emergency personnel at the Contractor's site, or a hospital emergency room visit), or any crime reportable to law enforcement, or any other serious incident must also be reported to DHHS as described below.

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Reportable sentinel events include, but are not limited to, any occurrence that meets any of the following criteria:

1. An unanticipated death or permanent loss of function, not related to the natural course of an individual's illness or underlying condition.
2. Homicide or suicide of any individual receiving DHHS funded care, treatment or services, that had been discharged from a Department funded program or facility within 30 days of the event, or has been evaluated by a service Contractor within the preceding 30 days;
3. Sexual assault or rape of any individual receiving DHHS funded care, treatment or services by another client or employee of any Department funded program or facility where there is an act that was witnessed or there is sufficient clinical evidence obtained by the Contractor to support allegation of nonconsensual sexual contact.
4. Unauthorized departure of an individual receiving DHHS funded services, from a facility providing care, resulting in death or permanent loss of function.
5. Medication error that results in death, paralysis, coma, or other permanent loss of function.
6. Delay or failure to provide DHHS funded Contractor services that result in death or permanent loss of function.
7. Abuse as a result of the willful infliction of injury, unreasonable confinement, intimidation, or punishment with resulting physical harm, or mental anguish. This includes staff neglect or indifference to infliction of injury or intimidation of one individual by another.
8. Neglect as a result of the failure to provide the goods and services necessary to avoid physical harm, mental anguish or mental illness.
9. Assault of or by a client of the Contractor that results in the injury of the person or another person of such severity that medical attention is required.
10. Arson resulting in property loss.
11. High profile events, which may include media coverage and/or police involvement.

On-Site Reviews:

1. The Contractor shall allow a team or person authorized by DHHS to periodically review the Contractor's systems of governance, administration, data collection and submission, clinical, and financial management in order to assure systems are adequate to provide the contracted services.
2. Reviews shall include, but not be limited to, client record reviews to measure compliance with this exhibit.
3. The Contractor shall make corrective actions as advised by the review team if contracted services are not found to be provided in accordance with this exhibit.
4. DHHS staff shall contact the Contractor in advance of the site visit, so that the Contractor shall have sufficient time to prepare any guidance/reporting systems or logs that will be reviewed at the site visit.

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Exhibit B Amendment #2

Method and Conditions Precedent to Payment

The State shall pay the Contractor an amount not to exceed the Price Limitation, block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services, and in accordance with Exhibit B.

Funding for this Agreement is funded by various sources as a percentage of the total amount of \$1,120,599 as follows:

- 46 % Federal Funds from the Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant (CFDA #93.959);
- 22 % General Governor's Commission on Alcohol and Drug Abuse Prevention, Intervention and Treatment Funds; and
- 32 % General funds.

I. Payment Methodology

The Contractor shall be reimbursed for providing and delivering the services listed in Exhibit A, paragraph B. The following terms and conditions detailed in this Exhibit B shall apply to all services unless expressly stated otherwise.

The Contractor shall agree to use and apply all contract funds from the State for costs and expenses as detailed in the Service Reimbursement Table below. Allowable costs and expenses shall be determined by the State in accordance with applicable state and federal laws and regulations. Starting in State Fiscal Year 2015 (effective July 1, 2014) the contractor will receive a payment for each service at the rates and within the limits described below. For clients receiving DHHS supported services, the contractor may not charge the client, any 3rd party payor, and DHHS a combined rate that is more than the rate established by BDAS for that level of service or any other fees. These parties shall be charged in the following order:

1. The maximum allowed charge will be billed to the client's insurer, if applicable.
2. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
3. The balance of the maximum allowed charge, after deducting the client's portion and insurance payment, if applicable, shall be charged to DHHS.

Service Reimbursement Table - A check mark indicates the services and corresponding rates the Contractor will be reimbursed for.

Check mark indicates applicable service	Service	DHHS Established Rate	Service Limit
X	Evaluation	\$225	1 every 90 days
X	Outpatient – Individual	\$18.75/unit***	\$190 of combined individual & group/week
X	Outpatient – Group	\$5.00/unit	
X	Intensive Outpatient*	\$80.00/day	\$320 (4 days)/week
	Low-Intensity Residential – Adult	\$100.00/day	\$700 (7 days) /week

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	Low-Intensity Residential – Adolescent	\$128.00/day	\$896 (7 days) /week
X	High-Intensity Residential – Adult	\$130.00/day	\$910 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Room & Board Only	\$66.00/day	\$462 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Clinical Services	\$162.60/day	\$1138.20 (7 days) /week
X	Medium Intensity Residential – Adolescent	\$170.00/day	\$1190 (7 days) /week
	Recovery Support Services		
X	Individual	\$15.00/unit	\$160 of combined individual & group/week
X	Group	\$5.00/unit	
X	Continuous Recovery Monitoring – Attempted**	\$15.00/contact	\$60 of combined attempted and completed/month for the first 6 months post discharge
X	Continuous Recovery Monitoring – Completed	\$15.00/contact	
	Enhanced Services	Varied	

* Providers may bill the per diem rate for Intensive Outpatient Treatment services only on those days when the client attends individual and/or group counseling associated with the program. It is expected that each day of attendance includes a minimum of 3 hours of group and/or individual counseling services.

**Attempted Contact is at least 3 attempts to contact a client over the course of at least one week.

*** A unit is equal to 15 minutes of service

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. Failure to meet this requirement may result in amendment to or termination of the contract. At a minimum, contractors must provide the array of services they contracted to provide for in SFY14.

1. Performance Incentives:

A. Access to Services:

Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received and shall conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact. For each client who screens eligible for



Exhibit B Amendment #2

services and starts receiving services, whether for the identified level of care or interim services, within 10 business days following the eligibility screening, the treatment contractor will receive an incentive payment of \$75.00. Access incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

B. Completion:

For each client who is discharged from the program because they have completed treatment or transferred to another treatment provider as recorded in the Discharge Type field of the WITS Discharge Module, the treatment contractor will receive an incentive payment of \$75.00. Completion incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

C. Client Outcomes:

If a client who was discharged from the program meets at least 3 of the Outcome criteria below in the 3rd and/or 6th month post-discharge, as evidenced by the WITS Follow-Up module, the treatment contractor will receive an incentive payment in the amount of \$50. The 3rd month post discharge is considered to be 60 – 120 days post discharge. The 6th month post discharge is considered to be 150 – 210 days post discharge. Outcomes incentives will be calculated and paid on a monthly basis for clients meeting criteria in the previous calendar month. It is expected that at least 50% of discharged clients will be contacted for 3 and/or 6 month follow-up over the contract year.

- i. Abstinence: The client reports reduced or no substance use in the past 30 days.
- ii. Employment/Education: The client reports increased or retained employment or the client reports returning to or staying in school.
- iii. Crime and Criminal Justice: The client reports no arrests in the past 30 days.
- iv. Stability in Housing: The client reports being in stable housing.
- v. Social Connectedness: The client reports engagement in Recovery Support Services, Care Coordination, and/or Community Based Support Groups in the past 30 days.

D. Performance Incentive Payout Limits:

Performance incentives are limited to no more than 6% of the total contract amount annually. The total amount paid out during the contract year will never exceed the total contract amount. DHHS is not obligated to make payment for any incentives that occur outside of the current contract year; however, incentives may be carried over to future contract years at the discretion of DHHS.

2. Failure to Meet Deliverables:

The Contractor shall comply with all contract requirements as detailed in Exhibit A section B, Required Services. Upon determination that Contractor may not be meeting the required deliverables, within two (2) weeks BDAS will provide a written correction action plan. Within two (2) weeks of notification of the corrective action plan, Contractor will provide a written remedial plan. BDAS will monitor the corrective actions for 60 days. Failure to meet requirements of the corrective action plan within 60 days may result in withholding of any or all payments or termination of the contract.

3. Invoicing & Billing:

All billing shall be completed via the WITS system according to protocols established by BDAS.



Exhibit B Amendment #2

The Contractor shall have written authorization from the State prior to using contract funds to purchase or lease any equipment with a cost in excess of two thousand five hundred dollars (\$2500) and with a useful life beyond one year.

II. Allocation of Funding:

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. The contractor is prohibited from spending down more than the sum of the total contract amount that includes the cost of the client services and related incentives.

III. Availability of Alternative Funding:

The New Hampshire Department of Health and Human Services may terminate or amend the contract should alternate third party payors, including Medicaid, the New Hampshire Health Protection Program and/or insurance available on the New Hampshire Insurance Exchange cover any of the services included in this contract.

IV. Limitations and restrictions of federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds:

The Contractor agrees to use the SAPT funds as the payment of last resort.

Restrictions on SAPT Block Grant on State and Contractor expenditures include:

The State may not:

- Provide inpatient hospital services except under those conditions outlined in the regulations.
- Make cash payments to intended recipients of substance abuse services.
- Purchase or improve land.
- Purchase, construct, or permanently improve buildings or other facilities.
- Purchase major medical equipment.
- Satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds. (in-kind)
- Provide financial assistance to any entity other than a public or non-profit private entity.
- Provide individuals with hypodermic needles or syringes.
- Expend more than the amount of Block Grant funds expended in FFY91 for treatment services provided in penal or correctional institutions of the State.

The Contractor shall not:

- Use any federal funds provided under this contract for the purpose of conducting testing for the etiologic agent for Human Immunodeficiency Virus (HIV) unless such testing is accompanied by appropriate pre and post-test counseling.
- Use any federal funds provided under this contract for the purpose of conducting any form of needle exchange, free needle programs or the distribution of bleach for the cleaning of needles for intravenous drug abusers.

V. Charitable Choice:



Exhibit B Amendment #2

Federal Charitable Choice statutory provisions ensure that religious organizations are able to equally compete for Federal substance abuse funding administered by SAMHSA, without impairing the religious character of such organizations and without diminishing the religious freedom of SAMHSA beneficiaries (see 42 USC 300x-65 and 42 CFR Part 54 and Part 54a, 45 CFR Part 96, Charitable Choice Provisions and Regulations). Charitable Choice statutory provisions of the Public Health Service Act enacted by Congress in 2000 are applicable to the SAPT Block Grant program. No funds provided directly from SAMHSA or the relevant State or local government to organizations participating in applicable programs may be expended for inherently religious activities, such as worship, religious instruction, or proselytization. If an organization conducts such activities, it must offer them separately, in time or location, from the programs or services for which it receives funds directly from SAMHSA or the relevant State or local government under any applicable program, and participation must be voluntary for the program beneficiaries.

- VI. Notwithstanding paragraph 18 of the General Provisions of this Agreement P-37, an amendment limited to adjusting amounts within the budgets and within the price limitation, can be made by written agreement of both parties and may be made without obtaining approval of Governor and Executive Council.

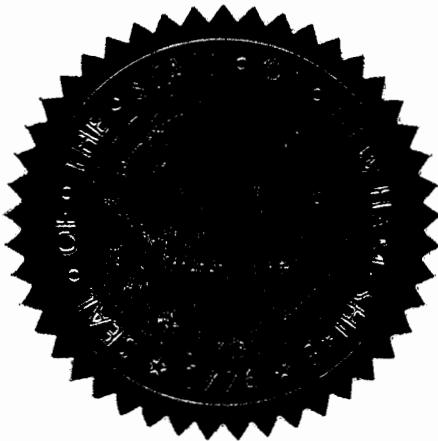
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State of New Hampshire

Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that Manchester Alcoholism Rehabilitation Center is a New Hampshire nonprofit corporation formed February 19, 1980. 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 10th day of April A.D. 2014

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

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

I, BETTY BURKE, do hereby certify that:
(Name of the elected Officer of the Agency; cannot be contract signatory)

1. I am a duly elected Officer of MANCHESTER ALCOHOLISM REHABILITATION CENTER
(Agency Name)

2. The following is a true copy of the resolution duly adopted at a meeting of the Board of Directors of
the Agency duly held on MAY 22, 2013 :
(Date)

RESOLVED: That the COO / CFO
(Title of Contract Signatory)

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

3. The forgoing resolutions have not been amended or revoked, and remain in full force and effect as of
the 20th day of MAY, 2014.
(Date Contract Signed)

4. ELIN TREANOR is the duly elected COO / CFO
(Name of Contract Signatory) (Title of Contract Signatory)

of the Agency.

Betty Burke
(Signature of the Elected Officer)

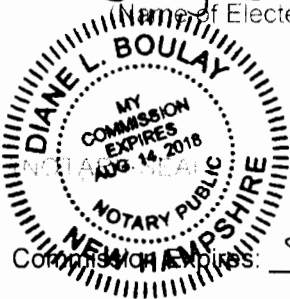
STATE OF NEW HAMPSHIRE

County of Hillsborough

The forgoing instrument was acknowledged before me this 20th day of May, 2014.

By Betty Burke
(Name of Elected Officer of the Agency)

Diane L Boulay
(Notary Public/Justice of the Peace)



Commission Expires: 8/14/18

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

8/30/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER USI Insurance Services LLC PO Box 6360 Manchester, NH 03108-6360 603 625-1100		CONTACT NAME: PHONE (A/C, No, Ext): 603 625-1100 FAX (A/C, No): E-MAIL ADDRESS:	
INSURED Easter Seals NH, Inc. Easter Seals NY, Inc. 555 Auburn Street Manchester, NH 03103		INSURER(S) AFFORDING COVERAGE INSURER A: Philadelphia Insurance Company INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	
		NAIC # 23850	

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

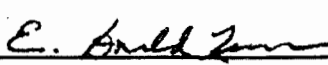
INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR ☒ Professional Liab GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PRO-JECT ☐ LOC		PHPK1068435	09/01/2013	09/01/2014	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$3,000,000 PRODUCTS - COMP/OP AGG \$3,000,000 \$
A	AUTOMOBILE LIABILITY ☒ ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☒ HIRED AUTOS ☒ NON-OWNED AUTOS		PHPK1068435	09/01/2013	09/01/2014	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	☒ UMBRELLA LIAB ☒ OCCUR ☐ EXCESS LIAB ☐ CLAIMS-MADE ☐ DED ☒ RETENTION \$10,000		PHUB432951	09/01/2013	09/01/2014	EACH OCCURRENCE \$15,000,000 AGGREGATE \$15,000,000 \$ WC STATUTORY LIMITS ☐ OTH-ER ☐ E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☐ Y ☒ N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A				

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

Supplemental Names: Easter Seals NY, Inc., Easter Seals ME, Inc., STS, Inc., Agency Realty, Inc., Easter Seals Rhode Island, Inc., The Harbor Schools, Inc., Manchester Alcohol Rehabilitation Center, Inc., dba The Farnum Center, Easter Seals VT, Inc., Easter Seals CT, Inc., Webster Place Center, Inc., - The General Liability policy includes a blanket automatic Additional Insured endorsement that provides Additional Insured and a Blanket Waiver of Subrogation status to the Certificate holder, only when there is (See Attached Descriptions)

CERTIFICATE HOLDER

CANCELLATION

Department of Health & Human Services 129 Pleasant Street Concord, NH 03301	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
05/30/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Hays Companies of New England 133 Federal Street 2nd Floor Boston, MA 02110	1-617-723-7775	CONTACT NAME: Michael Boisvert PHONE (A/C, No, Ext): 617.778.5040 FAX (A/C, No): 617.723.5155 E-MAIL ADDRESS: mboisvert@hayscompanies.com
INSURED Easter Seals New Hampshire, Inc. 555 Auburn Street Manchester, NH 03103-4803		INSURER(S) AFFORDING COVERAGE INSURER A: UNITED STATES FIRE INS CO INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:
		NAIC # 21113

COVERAGES**CERTIFICATE NUMBER:** 39998963**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY ☐ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☐ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PROJECT ☐ LOC						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☐ HIRED AUTOS ☐ SCHEDULED AUTOS ☐ NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB ☐ OCCUR EXCESS LIAB ☐ CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N ☐ N/A		406-6810956	01/01/14	01/01/15	☒ WC STATUTORY LIMITS ☐ OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

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

Evidence of Insurance as respects Manchester Alcoholism Rehabilitation Center

CERTIFICATE HOLDER**CANCELLATION**Dept of Health & Human Services
DCYF & DJJS

129 Pleasant Street

Concord, NH 03301

USA

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

AUTHORIZED REPRESENTATIVE

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**Easter Seals New Hampshire, Inc.
and Subsidiaries**

Consolidated Financial Statements and
Other Financial Information

*Years Ended August 31, 2013 and 2012
With Independent Auditors' Report*

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION**

For the Years Ended August 31, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Easter Seals New Hampshire, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of Easter Seals New Hampshire, Inc. and Subsidiaries (Easter Seals NH), which comprise the statements of financial position as of August 31, 2013 and 2012, and the related consolidated statements of activities and changes in net assets, functional expenses 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

To the Board of Directors
Easter Seals New Hampshire, Inc. and Subsidiaries

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Easter Seals NH as of August 31, 2013 and 2012, and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2013 on our consideration of Easter Seals New Hampshire, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Easter Seals New Hampshire, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Manchester, New Hampshire
December 14, 2013


Limited Liability Company

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

August 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 3,042,621	\$ 4,402,187
Accounts receivable from affiliates	247,471	441,980
Program and other accounts receivable, less contractual allowance of \$210,300 in 2013 and \$131,500 in 2012, and allowance for doubtful accounts of \$930,400 in 2013 and \$395,000 in 2012	11,224,708	9,321,570
Contributions receivable, less allowance for doubtful accounts of \$25,500 in 2013 and \$25,000 in 2012	686,110	491,729
Current portion of assets limited as to use	541,961	458,005
Prepaid expenses and other current assets	<u>783,844</u>	<u>1,304,173</u>
Total current assets	16,526,715	16,419,644
Assets limited as to use, net of current portion	4,558,513	5,017,773
Fixed assets, net	28,066,884	25,132,481
Property held for sale	822,504	910,171
Bond issuance costs, net	244,751	254,390
Investments, at fair value	14,264,341	13,005,757
Beneficial interest in trusts held by others and other assets	<u>6,830,800</u>	<u>6,620,011</u>
	<u>\$71,314,508</u>	<u>\$67,360,227</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Lines of credit	\$ 4,212,394	\$ 1,982,604
Accounts payable	1,812,128	2,630,935
Accrued expenses	4,143,454	4,362,192
Rate reserves	-	435,008
Current portion of deferred revenue	1,866,234	1,757,283
Current portion of interest rate swap agreements	708,132	734,470
Current portion of long-term debt	<u>796,290</u>	<u>746,716</u>
Total current liabilities	13,538,632	12,649,208
Deferred revenue, net of current portion	3,191,386	3,778,487
Other liabilities	1,367,458	1,168,659
Interest rate swap agreements, less current portion	2,050,214	4,401,508
Long-term debt, less current portion	<u>25,318,667</u>	<u>22,923,934</u>
Total liabilities	45,466,357	44,921,796
Net assets:		
Unrestricted	14,767,708	11,937,759
Temporarily restricted	925,437	598,750
Permanently restricted	<u>10,155,006</u>	<u>9,901,922</u>
Total net assets	<u>25,848,151</u>	<u>22,438,431</u>
	<u>\$71,314,508</u>	<u>\$67,360,227</u>

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended August 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Public support:				
Contributions	\$ 862,353	\$ 1,622,346	\$ 13,648	\$ 2,498,347
Special events, net of related direct costs of \$307,832	857,369	131,154	—	988,523
Annual campaigns, net of related direct costs of \$80,637	391,930	51,304	—	443,234
Bequests	369,823	—	—	369,823
Net assets released from restrictions	<u>1,497,063</u>	<u>(1,497,063)</u>	<u>—</u>	<u>—</u>
Total public support	3,978,538	307,741	13,648	4,299,927
Revenue:				
Fees and grants from governmental agencies	66,453,590	—	—	66,453,590
Other fees and grants	24,013,223	—	—	24,013,223
Sales to public	4,019,558	—	—	4,019,558
Dividend and interest income	681,151	1,141	—	682,292
Rental income	144,771	—	—	144,771
Other	<u>695,295</u>	<u>—</u>	<u>—</u>	<u>695,295</u>
Total revenue	<u>96,007,588</u>	<u>1,141</u>	<u>—</u>	<u>96,008,729</u>
Total public support and revenue	99,986,126	308,882	13,648	100,308,656
Operating expenses:				
Program services:				
Public health education	609,102	—	—	609,102
Professional education	41,275	—	—	41,275
Direct services	<u>87,378,754</u>	<u>—</u>	<u>—</u>	<u>87,378,754</u>
Total program services	88,029,131	—	—	88,029,131
Supporting services:				
Management and general	9,404,656	—	—	9,404,656
Fundraising	<u>1,756,069</u>	<u>—</u>	<u>—</u>	<u>1,756,069</u>
Total supporting services	<u>11,160,725</u>	<u>—</u>	<u>—</u>	<u>11,160,725</u>
Total functional expenses	99,189,856	—	—	99,189,856
Support of National programs	<u>121,780</u>	<u>—</u>	<u>—</u>	<u>121,780</u>
Total operating expenses	<u>99,311,636</u>	<u>—</u>	<u>—</u>	<u>99,311,636</u>
Increase in net assets from operations	674,490	308,882	13,648	997,020

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

Year Ended August 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Other nonoperating expenses, gains and losses:				
Change in fair value of interest rate swaps	\$ 2,377,632	\$ —	\$ —	\$ 2,377,632
Net unrealized and realized gains on investments	789,496	24,173	—	813,669
Increase in fair value of beneficial interest in trusts held by others	—	—	239,436	239,436
Gain on sales and disposals of property, plant and equipment	<u>7,392</u>	<u>—</u>	<u>—</u>	<u>7,392</u>
	<u>3,174,520</u>	<u>24,173</u>	<u>239,436</u>	<u>3,438,129</u>
Increase in net assets before effects of discontinued operations	3,849,010	333,055	253,084	4,435,149
Loss from discontinued operations	<u>(1,019,061)</u>	<u>(6,368)</u>	<u>—</u>	<u>(1,025,429)</u>
Total increase in net assets	2,829,949	326,687	253,084	3,409,720
Net assets at beginning of year	<u>11,937,759</u>	<u>598,750</u>	<u>9,901,922</u>	<u>22,438,431</u>
Net assets at end of year	<u>\$14,767,708</u>	<u>\$ 925,437</u>	<u>\$10,155,006</u>	<u>\$ 25,848,151</u>

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended August 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Public support:				
Contributions	\$ 1,529,794	\$ 370,723	\$ 62,323	\$ 1,962,840
Special events, net of related direct costs of \$618,599	1,114,326	71,451	—	1,185,777
Annual campaigns, net of related direct costs of \$79,441	445,604	32,367	—	477,971
Bequests	127,761	—	—	127,761
Net assets released from restrictions	<u>482,671</u>	<u>(482,671)</u>	<u>—</u>	<u>—</u>
Total public support	3,700,156	(8,130)	62,323	3,754,349
Revenue:				
Fees and grants from governmental agencies	63,215,906	—	—	63,215,906
Other fees and grants	26,755,347	—	—	26,755,347
Sales to public	4,057,412	—	—	4,057,412
Dividend and interest income	680,465	3,635	—	684,100
Rental income	140,373	—	—	140,373
Other	<u>642,000</u>	<u>—</u>	<u>—</u>	<u>642,000</u>
Total revenue	<u>95,491,503</u>	<u>3,635</u>	<u>—</u>	<u>95,495,138</u>
Total public support and revenue	99,191,659	(4,495)	62,323	99,249,487
Operating expenses:				
Program services:				
Public health education	595,634	—	—	595,634
Professional education	22,251	—	—	22,251
Direct services	<u>86,643,303</u>	<u>—</u>	<u>—</u>	<u>86,643,303</u>
Total program services	87,261,188	—	—	87,261,188
Supporting services:				
Management and general	8,700,472	—	—	8,700,472
Fundraising	<u>1,882,355</u>	<u>—</u>	<u>—</u>	<u>1,882,355</u>
Total supporting services	<u>10,582,827</u>	<u>—</u>	<u>—</u>	<u>10,582,827</u>
Total functional expenses	97,844,015	—	—	97,844,015
Support of National programs	<u>134,887</u>	<u>—</u>	<u>—</u>	<u>134,887</u>
Total operating expenses	<u>97,978,902</u>	<u>—</u>	<u>—</u>	<u>97,978,902</u>
Increase (decrease) in net assets from operations	1,212,757	(4,495)	62,323	1,270,585

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

Year Ended August 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Other nonoperating expenses, gains and losses:				
Change in fair value of interest rate swaps	\$(1,262,396)	\$ —	\$ —	\$(1,262,396)
Net unrealized and realized gains on investments	562,646	6,681	—	569,327
Increase in fair value of beneficial interest in trusts held by others	—	—	345,574	345,574
Gain on sales and disposals of property, plant and equipment	<u>4,442</u>	<u>—</u>	<u>—</u>	<u>4,442</u>
	<u>(695,308)</u>	<u>6,681</u>	<u>345,574</u>	<u>(343,053)</u>
Increase in net assets before effects of discontinued operations	517,449	2,186	407,897	927,532
(Loss) gain from discontinued operations	<u>(83,341)</u>	<u>2,237</u>	<u>—</u>	<u>(81,104)</u>
Total increase in net assets	434,108	4,423	407,897	846,428
Net assets at beginning of year	<u>11,503,651</u>	<u>594,327</u>	<u>9,494,025</u>	<u>21,592,003</u>
Net assets at end of year	<u>\$11,937,759</u>	<u>\$ 598,750</u>	<u>\$9,901,922</u>	<u>\$22,438,431</u>

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2013

Program Services ⁽¹⁾				Supporting Services ⁽¹⁾			Total Program ⁽¹⁾ and Supporting Services Expenses	
Public Health Education	Profes- sional Education	Direct Services	Total	Manage- ment and General	Fund- Raising	Total	2013	2012
\$432,105	\$ —	\$65,758,239	\$66,190,344	\$6,141,707	\$1,213,314	\$ 7,355,021	\$73,545,365	\$72,917,224
24,682	—	7,429,948	7,454,630	1,605,708	237,562	1,843,270	9,297,900	9,765,630
19,447	—	2,596,330	2,615,777	69,601	32,145	101,746	2,717,523	2,687,719
3,233	—	539,684	542,917	301,010	12,741	313,751	856,668	836,451
4,968	—	53,914	58,882	49,897	7,280	57,177	116,059	132,468
18,838	—	3,531,333	3,550,171	495,234	109,438	604,672	4,154,843	3,831,768
30,470	—	50,964	81,434	9,565	43,756	53,321	134,755	119,656
13,155	—	2,539,348	2,552,503	35,696	32,695	68,391	2,620,894	2,686,733
45,984	41,275	210,117	297,376	45,752	50,038	95,790	393,166	393,909
—	—	968,120	968,120	11,995	—	11,995	980,115	927,051
1,318	—	21,710	23,028	16,128	10,061	26,189	49,217	45,357
,92	—	273,570	278,162	152,783	2,594	155,377	433,539	688,889
10,104	—	82,210	92,314	13,423	2,403	15,826	108,140	56,186
—	—	857,644	857,644	237,341	—	237,341	1,094,985	1,101,812
—	—	757,856	757,856	765	770	1,535	759,391	43,744
—	—	311,041	311,041	—	—	—	311,041	—
206	—	1,396,726	1,396,932	218,051	1,272	219,323	1,616,255	1,609,418
<u>\$609,102</u>	<u>\$41,275</u>	<u>\$87,378,754</u>	<u>\$88,029,131</u>	<u>\$9,404,656</u>	<u>\$1,756,069</u>	<u>\$11,160,725</u>	<u>\$99,189,856</u>	<u>\$97,844,015</u>
0.61%	0.04%	88.09%	88.74%	9.48%	1.78%	11.26%	100.00%	100.00%

iscontinued operations – see note 13.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2012

Program Services ⁽¹⁾				Supporting Services ⁽¹⁾			Total Program ⁽¹⁾ and Supporting Services Expenses
Public Health Education	Profes- sional Education	Direct Services	Total	Manage- ment and General	Fund- Raising	Total	2012
\$410,255	\$ —	\$65,696,888	\$66,107,143	\$5,325,167	\$1,484,914	\$ 6,810,081	\$72,917,224
28,453	—	7,783,350	7,811,803	1,805,957	147,870	1,953,827	9,765,630
19,338	—	2,563,659	2,582,997	75,986	28,736	104,722	2,687,719
4,481	—	534,868	539,349	279,767	17,335	297,102	836,451
8,989	—	58,643	67,632	57,279	7,557	64,836	132,468
13,215	—	3,392,513	3,405,728	351,611	74,429	426,040	3,831,768
30,200	—	46,737	76,937	8,812	33,907	42,719	119,656
12,938	—	2,590,581	2,603,519	41,212	42,002	83,214	2,686,733
43,700	22,251	238,872	304,823	57,522	31,564	89,086	393,909
159	—	918,721	918,880	7,200	971	8,171	927,051
1,043	—	29,579	30,622	9,711	5,024	14,735	45,357
5,237	—	281,800	287,037	398,836	3,016	401,852	688,889
17,164	—	185,577	202,741	(147,690)	1,135	(146,555)	56,186
—	—	871,461	871,461	230,351	—	230,351	1,101,812
—	—	41,971	41,971	—	1,773	1,773	43,744
462	—	1,408,083	1,408,545	198,751	2,122	200,873	1,609,418
<u>\$595,634</u>	<u>\$22,251</u>	<u>\$86,643,303</u>	<u>\$87,261,188</u>	<u>\$8,700,472</u>	<u>\$1,882,355</u>	<u>\$10,582,827</u>	<u>\$97,844,015</u>
0.61%	0.02%	88.55%	89.18%	8.89%	1.93%	10.82%	100.00%

iscontinued operations – see note 13.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended August 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Increase in net assets	\$ 3,409,720	\$ 846,428
Adjustments to reconcile increase in net assets to net cash used by operating activities:		
Depreciation and amortization	1,807,843	1,897,233
Bad debt provision	774,569	46,344
Increase in beneficial interest in trusts held by others	(239,436)	(345,574)
Gain on sales and disposals of property, plant and equipment and property held for sale	(283,942)	(2,024,351)
Change in fair value of interest rate swaps	(2,377,632)	1,254,211
Net unrealized and realized gains on investments	(813,669)	(569,327)
Changes in operating assets and liabilities:		
Accounts receivable from affiliates	194,509	(218,818)
Program and other accounts receivable	(2,677,707)	858,969
Contributions receivable	(194,381)	(172,018)
Prepaid expenses and other current assets	520,329	(203,018)
Other assets	(4,483)	(723,547)
Accounts payable and accrued expenses	(1,037,545)	(405,642)
Accounts payable to affiliates	—	(314,557)
Rate reserve	(435,008)	(656,571)
Deferred revenue	(478,150)	(938,226)
Other liabilities	<u>198,799</u>	<u>16,715</u>
Net cash used by operating activities	(1,636,184)	(1,651,749)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(4,859,057)	(1,794,331)
Proceeds from sale of property, plant and equipment and property held for sale	531,189	3,034,938
Cash provided by acquisition	—	227,830
Increase in investments, net	(444,915)	(624,655)
Change in assets limited as to use	<u>375,304</u>	<u>1,165,832</u>
Net cash (used) provided by investing activities	(4,397,479)	2,009,614
Cash flows from financing activities:		
Repayment of long-term debt	(750,199)	(2,508,652)
Issuance of long-term debt	3,194,506	360,982
Payment for termination of interest rate swap	—	(159,678)
Repayments on lines of credit	(27,372,936)	(26,040,436)
Borrowings on lines of credit	<u>29,602,726</u>	<u>27,374,577</u>
Net cash provided (used) by financing activities	<u>4,674,097</u>	<u>(973,207)</u>
Decrease in cash and cash equivalents	(1,359,566)	(615,342)
Cash and cash equivalents, beginning of year	<u>4,402,187</u>	<u>5,017,529</u>
Cash and cash equivalents, end of year	<u>\$ 3,042,621</u>	<u>\$ 4,402,187</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended August 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 1,119,000</u>	<u>\$ 1,225,000</u>

During 2013 and 2012, Easter Seals NH transferred property with a net carrying value of \$16,224 and \$1,513,272, respectively, from fixed assets to property held for sale. Additionally, Easter Seals NH sold property held for sale with a net carrying value of \$1,108,357 in 2012 (see note 13). During 2012, Easter Seals NH received a donated building with an estimated fair value of \$1,100,000, which has been recorded as deferred revenue (see note 5). See also acquisition described in note 12.

See accompanying notes.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

1. Corporate Organization and Purpose

Easter Seals New Hampshire, Inc. and Subsidiaries (Easter Seals NH) consists of ten separate nonprofit entities: Easter Seals New Hampshire, Inc. (parent and service corporation); Easter Seals New York, Inc. (Easter Seals NY); Easter Seals Maine, Inc. (Easter Seals ME); Easter Seals Rhode Island, Inc. (Easter Seals RI); Agency Realty, Inc. (real estate corporation); The Harbor Schools Incorporated (Harbor Schools); Manchester Alcoholism Rehabilitation Center; Webster Place, Inc. (Webster Place), which was acquired in 2012 – see note 12; Easter Seals Connecticut, Inc. (Easter Seals CT); and Easter Seals Vermont, Inc. (Easter Seals VT). Easter Seals New Hampshire, Inc. is the sole member of each subsidiary. Easter Seals NH is affiliated with Easter Seals, Inc. (the national headquarters for the organization).

On May 22, 2013 the Board of Directors of Easter Seals New Hampshire, Inc. voted to dissolve and transfer the assets and liabilities of Special Transit Services, Inc. to Easter Seals New Hampshire, Inc.

On March 22, 2013, the Board of Directors of Easter Seals NY, voted to discontinue the Bronx Early Intervention program. On July 1, 2013, the Center for Therapeutic Recreation program located in Portland, Maine was transferred to the City of Portland and at that same time Easter Seals ME discontinued offering those services. On September 1, 2012, the Board of Directors of Easter Seals NH voted to discontinue the Raymond Preschool program and surrender the related operating license. On September 25, 2013, the Board of Directors of Easter Seals CT voted to discontinue the camp programs and cease all operations effective November 16, 2013. On January 25, 2012, the Board of Directors of Easter Seals NH voted to close Harbor Schools and cease all operations of this subsidiary, and also voted to approve discontinuing the group home and special education programs in Rutland, Vermont. See also note 13.

In May 2013, the Boards of Directors of Manchester Alcoholism Rehabilitation Center and Webster Place voted to merge the two organizations with Manchester Alcohol Rehabilitation Center being the surviving corporation, having found such merger to be in the best interest of both organizations. The effective date of the merger is September 1, 2013.

Easter Seals NH's purpose is to provide (1) programs and services for people with disabilities and other special needs, (2) assistance to people with disabilities and their families, (3) assistance to communities in identifying and developing needed services for residents, and (4) a climate of acceptance for people with disabilities and other special needs which will enable them to contribute to the well-being of the community. Easter Seals NH operates programs throughout New Hampshire, New York, Maine, Massachusetts (prior to the closure of Harbor Schools), Rhode Island, Vermont and Connecticut.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Easter Seals New Hampshire, Inc. and the subsidiaries of which it is the sole member. Significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Easter Seals NH considers all highly liquid securities purchased with an original maturity of 90 days or less to be cash equivalents. Cash equivalents consist of cash, overnight repurchase agreements and money market funds, excluding assets limited as to use.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

2. Summary of Significant Accounting Policies (Continued)

Management has implemented a practice to establish cash reserves on hand. Approximately \$2,432,000 and \$2,277,000, respectively, of cash and cash equivalents, and approximately \$2,238,000 and \$2,070,000, respectively, of investments were on-hand under this practice as of August 31, 2013 and 2012, respectively.

Assets Limited as to Use and Investments

Assets limited as to use consists of cash and cash equivalents, short-term certificates of deposit with original maturities greater than 90 days, but less than one year, and investments. Investments are stated at fair value. Realized gains and losses on investments are computed on a specific identification basis. The changes in net unrealized and realized gains and losses on investments are recorded in other nonoperating expenses, gains and losses in the accompanying consolidated statements of activities and changes in net assets. Donated securities are stated at fair value determined at the date of donation.

Beneficial Interest in Trusts

Easter Seals NH is the beneficiary of several trusts held by others. Easter Seals NH has recorded as an asset the fair value of its interest in the trusts and such amount is included in permanently restricted net assets, based on the underlying donor stipulations. The change in the interest due to fair value change is recorded within other nonoperating expenses, gains and losses as permanently restricted activity.

Fixed Assets

Fixed assets are recorded at cost less accumulated depreciation and amortization. Expenditures for maintenance and repairs are charged to expense as incurred, and expenditures for major renovations are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the underlying assets.

Fixed assets obtained by Easter Seals NH as a result of acquisitions on or after September 1, 2011 are recorded at estimated fair value as of the date of the acquisition in accordance with generally accepted accounting principles guidance for acquisitions by a not-for-profit entity.

Donated property and equipment not subject to donor stipulated conditions is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support or, if significant uncertainties exist, as deferred revenue pending resolution of the uncertainties. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. See also note 5.

Property held for sale is recorded at the lower of net realizable value or carrying value.

Intangible Assets and Long-Lived Assets

Accounting rules require that intangible assets with estimable or determinable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and be reviewed by management for impairment. Based on management's assessments, there is no impairment of intangible assets at August 31, 2013. Intangible assets at August 31, 2013 consist of a patient list obtained in the acquisition of Webster Place (see note 12).

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

2. Summary of Significant Accounting Policies (Continued)

Expected amortization of intangible assets through the end of their useful lives is as follows:

2014	\$ 33,130
2015	33,130
2016	33,130
2017	33,130
2018	33,130
Thereafter	<u>99,393</u>
	<u>\$265,043</u>

Amortization expense recognized for the patient list in 2013 and 2012 totaled \$33,130 and \$32,827, respectively.

When there is an indication of impairment, management considers whether long-lived assets are impaired by comparing gross future undiscounted cash flows expected to be generated from utilizing the assets to their carrying amounts. If cash flows are not sufficient to recover the carrying amount of the assets, impairment has occurred and the assets are written down to their fair value. Significant estimates and assumptions are required to be made by management in order to evaluate possible impairment.

Based on current facts, estimates and assumptions, management believes that no long-lived assets were impaired at August 31, 2013 and 2012.

Bond Issuance Costs

Bond issuance costs are being amortized by the straight-line method over the repayment period of the related bonds, or the expected time until the next refinancing, whichever is shorter. Amortization expense recognized during 2013 and 2012 was \$9,639 and \$36,418, respectively.

Revenue Recognition

Revenue generated from services provided to the public is reported at the estimated net realizable amounts from clients, third-party payors and others based upon approved rates as services are rendered. A significant portion of Easter Seals NH's revenues are derived through arrangements with third-party payors. As such, Easter Seals NH is dependent on these payors in order to carry out its operating activities. There is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in other fees and grants in the year that such amounts become known. Easter Seals NY recognized additional revenue of approximately \$1,046,000 in 2013 due to a favorable rate adjustment approved by the State of New York in April 2013. Easter Seals NY had also established rate reserves of \$435,008 at August 31, 2012 for differences between rates previously estimated and amounts which will be either recoverable or payable to third-party payors based upon actual rates approved by third-parties. These rate reserves were reversed in 2013.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

2. Summary of Significant Accounting Policies (Continued)

A third-party payor for three Easter Seals NY programs began to recoup a facility tax assessment on a monthly basis in 2013. The recoupment is a part of Easter Seals NY's reimbursement contract with the payor. The facility tax assessment is based on approved rates. As of August 31, 2013 the facility tax assessment due was approximately \$138,000, and is recorded in deferred revenue in the accompanying 2013 statement of financial position.

Revenues are recognized as earned, or attributable to the period in which specific terms of the funding agreement are satisfied, and to the extent that expenses have been incurred for the purposes specified by the funding source. Revenue balances in excess of the foregoing amounts are accounted for as deferred revenue until any restrictions are met or allowable expenditures are incurred.

The allowance for doubtful accounts is provided based on an analysis by management of the collectibility of outstanding balances. Management considers the age of outstanding balances and past collection efforts in determining the allowance for doubtful accounts. Accounts are charged against the allowance for doubtful accounts when deemed uncollectible.

Unconditional contributions are recognized when pledged.

Advertising

Easter Seals NH's policy is to expense advertising costs as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services based mainly on time records and estimates made by Easter Seals NH's management.

Charity Care (Unaudited)

Easter Seals NH has a formal charity care policy under which program fees are subsidized as determined by the Board of Directors. Free and subsidized services are rendered in accordance with decisions made by the Board of Directors and, at established charges, amounted to approximately \$7,373,000 and \$5,979,000 for the years ended August 31, 2013 and 2012, respectively.

Income Taxes

Easter Seals New Hampshire, Inc., Easter Seals NY, Easter Seals ME, Easter Seals VT, Easter Seals Rhode Island, Harbor Schools, Webster Place, Manchester Alcoholism Rehabilitation Center, Easter Seals CT and Special Transit Services, Inc. are exempt from both federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and, for Easter Seals NY of the Not-for-Profit Corporation Law of the State of New York. Agency Realty, Inc. received a determination letter from the Internal Revenue Service stating that it qualifies for tax-exempt status under Section 501(c)(2) of the Internal Revenue Code.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

2. Summary of Significant Accounting Policies (Continued)

Tax-exempt organizations could be required to record an obligation for income taxes as the result of a tax position historically taken on various tax exposure items including unrelated business income or tax status. In accordance with accounting principles generally accepted in the United States of America, assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the “more-likely-than-not” threshold, based upon the technical merits of the position.

Management has evaluated tax positions taken by Easter Seals New Hampshire, Inc. and its subsidiaries on their respective filed tax returns and concluded that the organizations have maintained their tax-exempt status, do not have any significant unrelated business income, and have taken no uncertain tax positions that require adjustment to or disclosure in the accompanying consolidated financial statements. Easter Seals New Hampshire, Inc. and its subsidiaries are no longer subject to income tax examinations by the federal or state tax authorities for years prior to 2010.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Derivatives and Hedging Activities

Accounting guidance requires that Easter Seals NH record as an asset or liability the fair value of the interest rate swap agreements described in note 8. Easter Seals NH is exposed to repayment loss equal to the net amounts receivable under the swap agreements (not the notional amount) in the event of nonperformance of the other party to the swap agreements. However, Easter Seals NH does not anticipate nonperformance and does not obtain collateral from the other party.

As of August 31, 2013 and 2012, Easter Seals NH had recognized a liability of \$2,758,346 and \$5,135,978, respectively, as a result of the interest rate swap agreements discussed in note 8. As a result of changes in the fair value of these derivative financial instruments and excluding a termination payment related to one swap agreement of \$159,678 in 2012 (see note 8), Easter Seals NH recognized an increase in net assets of \$2,377,632 for the year ending August 31, 2013 and a decrease in net assets of \$1,254,211 for the year ending August 31, 2012 (including increases in net assets of \$8,185, included in discontinued operations) related to swap agreements.

Increase in Net Assets from Operations

For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of services are reported as revenue and expenses that comprise the increase (decrease) in net assets from operations. The primary transactions reported as other nonoperating expenses, gains and losses include the adjustment to fair value of interest rate swaps, the increase in the fair value of beneficial interest in trusts held by others, gains and losses on sales and disposals of property, plant and equipment, and net realized and unrealized gains on investments.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

2. Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain amounts in the 2012 consolidated financial statements have been reclassified to conform to the 2013 presentation.

Subsequent Events

Events occurring after the statement of financial position date are evaluated by management to determine whether such events should be recognized or disclosed in the consolidated financial statements. Management has evaluated events occurring between the end of Easter Seals NH's fiscal year end and December 14, 2013, the date these consolidated financial statements were available to be issued.

3. Classification of Net Assets

In accordance with the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA), net assets are classified and reported based on the existence or absence of donor-imposed restrictions. 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 Easter Seals NH has been limited by donors to a specific time period or purpose. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. Permanently restricted net assets have been restricted by donors to be maintained by Easter Seals NH in perpetuity, the income from which is expendable to support all activities of the organization, or as stipulated by the donor.

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

In accordance with UPMIFA, Easter Seals NH 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.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

3. Classification of Net Assets (Continued)

Endowment Net Asset Composition by Type of Fund

The major categories of endowment funds at August 31, 2013 and 2012 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>2013</u>				
Camping program	\$ —	\$ 1,918	\$ 363,869	\$ 365,787
Other programs	—	18,913	340,203	359,116
Operations	<u>—</u>	<u>—</u>	<u>3,613,207</u>	<u>3,613,207</u>
Total endowment net assets	<u>\$ —</u>	<u>\$20,831</u>	<u>\$4,317,279</u>	<u>\$4,338,110</u>
<u>2012</u>				
Camping program	\$ —	\$ 1,698	\$ 362,869	\$ 364,567
Other programs	—	14,345	327,555	341,900
Operations	<u>—</u>	<u>—</u>	<u>3,613,207</u>	<u>3,613,207</u>
Total endowment net assets	<u>\$ —</u>	<u>\$16,043</u>	<u>\$4,303,631</u>	<u>\$4,319,674</u>

Changes in Endowment Net Assets

During the years ended August 31, 2013 and 2012, Easter Seals NH had the following endowment-related activities:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net endowment assets, August 31, 2011	\$ —	\$ 14,785	\$4,241,308	\$4,256,093
Investment return:				
Investment income, net of fees	—	54,655	—	54,655
Net appreciation (realized and unrealized)	—	523,768	—	523,768
Contributions	—	—	62,323	62,323
Appropriated for expenditure	<u>—</u>	<u>(577,165)</u>	<u>—</u>	<u>(577,165)</u>
Net endowment assets, August 31, 2012	—	16,043	4,303,631	4,319,674
Investment return:				
Investment income, net of fees	—	18,777	—	18,777
Net appreciation (realized and unrealized)	—	563,208	—	563,208
Contributions	—	—	13,648	13,648
Appropriated for expenditure	<u>—</u>	<u>(577,197)</u>	<u>—</u>	<u>(577,197)</u>
Net endowment assets, August 31, 2013	<u>\$ —</u>	<u>\$ 20,831</u>	<u>\$4,317,279</u>	<u>\$4,338,110</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

3. Classification of Net Assets (Continued)

In addition to endowment net assets, Easter Seals NH also maintains non-endowed funds. The major categories of non-endowment funds, at August 31, 2013 and 2012 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Non- Endowment Net Assets</u>
<u>2013</u>				
Seniors program	\$ 88,902	\$ 11,729	\$ —	\$ 100,631
Veterans program	—	517,035	—	517,035
India initiative	—	57,881	—	57,881
Other programs	—	285,461	—	285,461
Operations	<u>14,678,806</u>	<u>32,500</u>	<u>5,837,727</u>	<u>20,549,033</u>
Total non-endowment net assets	<u>\$14,767,708</u>	<u>\$904,606</u>	<u>\$5,837,727</u>	<u>\$21,510,041</u>
<u>2012</u>				
Seniors program	\$ 106,866	\$ 16,386	\$ —	\$ 123,252
Veterans program	—	353,044	—	353,044
India initiative	—	51,900	—	51,900
Other programs	35,199	128,877	—	164,076
Operations	<u>11,795,694</u>	<u>32,500</u>	<u>5,598,291</u>	<u>17,426,485</u>
Total non-endowment net assets	<u>\$11,937,759</u>	<u>\$582,707</u>	<u>\$5,598,291</u>	<u>\$18,118,757</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 Easter Seals NH to retain as a fund of permanent duration. Deficiencies of this nature are reported in unrestricted net assets. There were no deficiencies between the fair value of the investments of the endowment funds and the level required by donor stipulation at August 31, 2013 or 2012.

Investment and Spending Policies

Easter Seals NH has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Easter Seals NH must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of an appropriate market index while assuming a moderate level of investment risk. Easter Seals NH expects its endowment funds to provide an average rate of return over a five year period equal to the rate of 2% over the inflation rate. Actual returns in any given year may vary from this amount.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

3. Classification of Net Assets (Continued)

To satisfy its long-term rate-of-return objectives, Easter Seals NH relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Easter Seals NH targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Easter Seals NH may appropriate for distribution some or all of the earnings and appreciation on its endowment for funding of operations. In establishing this policy, Easter Seals NH considered the objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to, so long as it would not detract from Easter Seals NH's critical goals and initiatives, provide additional real growth through new gifts and investment return.

4. Leases

Easter Seals NH leases certain assets under various arrangements which have been classified as operating leases. Total expense under all leases (including month-to-month leases) was approximately \$2,168,000 and \$2,101,000 for the years ended August 31, 2013 and 2012, respectively. Some of these leases have terms which include renewal options, and others may be terminated at Easter Seals NH's option without substantial penalty. Future minimum payments required under the leases in effect at August 31, 2013, through the remaining contractual term of the underlying lease agreements, are as follows:

Year Ended August 31:

2014	\$1,850,275
2015	1,073,592
2016	850,435
2017	608,811
2018	305,738
Thereafter	371,118

Easter Seals NY leases certain facilities for school operations from unrelated parties at lease terms that are either below fair market value, or that are almost entirely rent-free. Under accounting principles generally accepted in the United States of America, lease agreements must be evaluated based upon their economic substance rather than legal form, and a lease subsidy would be recorded as both contribution and rental expense. However, Easter Seals NH has determined that such amounts would not be material to the accompanying consolidated financial statements.

Easter Seals NY subleases certain office space located at 11 West 42nd Street in New York to an unrelated party. The sublease agreement expires in February 2014. Total rental income earned under this sublease agreement for the years ended August 31, 2013 and 2012 was approximately \$144,000 and \$140,000, respectively.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

5. Fixed Assets

Fixed assets consist of the following at August 31:

	<u>2013</u>	<u>2012</u>
Buildings	\$ 33,015,085	\$ 28,872,993
Land and land improvements	3,494,009	3,493,590
Leasehold improvements	952,100	892,094
Office equipment and furniture	9,917,122	9,993,575
Vehicles	3,225,015	3,093,740
Construction in progress	<u>216,678</u>	<u>861,415</u>
	50,820,009	47,207,407
Less accumulated depreciation and amortization	<u>(22,753,125)</u>	<u>(22,074,926)</u>
	<u>\$ 28,066,884</u>	<u>\$ 25,132,481</u>

Depreciation and amortization expense related to fixed assets totaled \$1,765,074 and \$1,827,988 in 2013 and 2012, respectively. Depreciation and amortization of fixed assets included within discontinued operations in 2013 and 2012 totaled \$191,588 and \$287,815, respectively.

During 2012, Easter Seals NH received a donated building with an estimated fair value of approximately \$1,100,000. Under the terms of the donation, for a period of six years, Easter Seals NH must continue to use the building as a child care center. Should Easter Seals NH cease to operate the program, or wish to sell or donate the property, Easter Seals NH must first provide the donor with the opportunity to purchase the property for \$1. The contribution representing the fair value of the building has been recorded as deferred revenue at August 31, 2013 and 2012.

6. Investments and Assets Limited as to Use

Investments and assets limited as to use, at fair value, are as follows at August 31:

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 3,513,266	\$ 2,784,158
Certificates of deposit	554,282	1,650,399
Marketable equity securities	2,770,110	2,301,934
Mutual funds	10,992,033	10,504,252
Corporate and foreign bonds	903,497	930,355
Government and agency securities	<u>631,627</u>	<u>310,437</u>
	19,364,815	18,481,535
Less: assets limited as to use	<u>(5,100,474)</u>	<u>(5,475,778)</u>
Total investments, at fair value	<u>\$14,264,341</u>	<u>\$13,005,757</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

6. Investments and Assets Limited as to Use (Continued)

The composition of assets limited as to use at August 31, 2013 and 2012 is set forth in the table shown below at fair value. The portion of assets limited as to use that is required for obligations classified as current liabilities is reported in current assets.

	<u>2013</u>	<u>2012</u>
Under an agreement with the State of Connecticut, which provides that the funds be utilized for certain allowable program expenditures:		
Cash and cash equivalents	\$2,310,566	\$2,246,143
Certificates of deposit	554,282	1,650,399
Mutual funds	428,148	137,686
Marketable equity securities	<u>151,573</u>	<u>—</u>
	3,444,569	4,034,228
Under a deferred compensation plan (see note 7):		
Investments	1,367,127	1,167,789
Maintained in escrow to make required payments on certain bonds (see note 8):		
Cash and cash equivalents	<u>288,778</u>	<u>273,761</u>
Total assets limited as to use	<u>\$5,100,474</u>	<u>\$5,475,778</u>

The principal components of investment income and net realized and unrealized gains included in continuing operations are summarized below. Amounts included in discontinued operations for 2013 and 2012 were not significant.

	<u>2013</u>	<u>2012</u>
Unrestricted investment income and unrealized and realized gains on investments:		
Dividend and interest income	\$ 681,151	\$ 680,465
Net unrealized gains	231,743	393,815
Net realized gains	<u>557,753</u>	<u>168,831</u>
	1,470,647	1,243,111
Restricted investment income and unrealized and realized gains on investments:		
Dividend and interest income	1,141	3,635
Net unrealized gains	7,631	1,905
Net realized gains	<u>16,542</u>	<u>4,776</u>
	<u>25,314</u>	<u>10,316</u>
	<u>\$1,495,961</u>	<u>\$1,253,427</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

7. Retirement Plans

Easter Seals NH maintains a Section 403(b) Plan (a defined contribution retirement plan), which covers substantially all employees. Eligible employees may contribute any whole percentage of their annual salary. Employee contributions may be matched by Easter Seals NH as determined in the annual budget. The combined amount of employer and employee contributions is subject by law to annual maximum amounts. The employer match was approximately \$474,000 and \$490,000 for the years ended August 31, 2013 and 2012, respectively.

Easter Seals New Hampshire, Inc. offers, to certain management personnel, the option to participate in an Internal Revenue Code Section 457 Deferred Compensation Plan to which the organization may make a discretionary contribution. The employees' accounts are not available until termination, retirement, death or an unforeseeable emergency. Easter Seals New Hampshire, Inc. contributed approximately \$130,000 and \$120,000 to this plan during the years ended August 31, 2013 and 2012, respectively. The assets and liabilities associated with this plan were \$1,367,127 and \$1,167,789 at August 31, 2013 and 2012, respectively, and are included within assets limited as to use and other liabilities in the accompanying consolidated statements of financial position.

8. Borrowings

Borrowings consist of the following at August 31:

	<u>2013</u>	<u>2012</u>
Revenue Bonds, Series 2004A, tax exempt, issued through the New Hampshire Health and Education Facilities Authority (NHHEFA), with a variable rate determined through weekly remarketing (0.07% at August 31, 2013) through December 2034, annual principal payments continually increasing from \$385,000 to \$1,060,000 with a final payment of \$1,060,000 due December 2034, secured by a pledge of all gross receipts of Easter Seals NH and certain letters of credit (see below)	\$14,660,000	\$15,025,000
Revenue Bonds, Series 2010, issued through the Monroe County Industrial Development Corporation, interest only payments due through December 2011, after which monthly principal and interest payments ranging from \$10,050 to \$21,980 are required through the maturity date of December 31, 2040. Interest is payable monthly at a rate equal to 68% of the sum of the monthly LIBOR rate plus 2.65% (1.93% at August 31, 2013)	5,052,360	5,171,840
Mortgage payable to a bank with a variable rate of LIBOR plus 2.65% (2.83% at August 31, 2013), principal of \$9,500 plus interest payable monthly, with a final payment of \$2,299,000 due March 2015, secured by all business assets and property of Easter Seals CT, excluding certain assets limited as to use totaling \$3,444,569 at August 31, 2013	2,470,000	2,584,000
Note payable to a bank with a fixed rate of 4.25%, principal and interest of \$823 payable monthly, paid in full in July 2013	—	8,941

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

8. Borrowings (Continued)

	<u>2013</u>	<u>2012</u>
Note payable to a bank with a fixed rate of 2.50%, principal and interest of \$985 payable monthly through April 2018, secured by vehicles	\$ 52,008	\$ —
Note payable to a bank with a fixed rate of 3.66%, principal and interest of \$3,177 payable monthly, due August 2015, secured by vehicles	73,357	108,052
Unsecured note payable to an individual with a fixed rate of 5.25%, principal and interest of \$10,311 payable monthly, due April 2016	307,232	411,835
Non-revolving note payable to a bank with a total availability of \$3,500,000 with a variable rate of LIBOR plus 4.07% (4.25% at August 31, 2013), interest only payments through June 2014, after which monthly principal and interest payments are required through the maturity in June 2015, secured by an interest in certain property with a net book value of \$3,955,615 at August 31, 2013	<u>3,500,000</u>	<u>360,982</u>
	26,114,957	23,670,650
Less current portion	<u>796,290</u>	<u>746,716</u>
	<u>\$25,318,667</u>	<u>22,923,934</u>

Principal payments on long-term debt for each of the following years ending August 31 are as follows:

2014	\$ 796,290
2015	6,529,599
2016	642,389
2017	585,665
2018	610,934
Thereafter	<u>16,950,080</u>
	<u>\$26,114,957</u>

Lines of Credit

Easter Seals New Hampshire, Inc. has an agreement with a bank for a \$500,000 nonrevolving equipment line of credit. The line of credit is to be used to fund the purchase of New Hampshire titled vehicles for use by Easter Seals NH through April 2, 2014. The interest rate charged on outstanding borrowings is at a fixed rate at the then prime rate minus 0.75% for maturities up to a five-year term. Availability under this nonrevolving line of credit, which is reduced by the original amount of certain notes payable as of August 31, 2013 and 2012, is \$229,640 at August 31, 2013. The balances outstanding under the note payable at August 31, 2013 and 2012 were converted to the \$52,008 and \$8,941 term notes, respectively, as described above.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

8. Borrowings (Continued)

Easter Seals New Hampshire, Inc. (the sole member of Easter Seals NY and Harbor Schools), Easter Seals NY and Harbor Schools have a revolving line of credit with a bank, with available borrowings up to \$7 million (a portion of which is secured by available letters of credit of \$98,795, of which \$39,795 is related to Easter Seals NY). Outstanding advances are due on demand. The revolving line of credit has the following sub-limits which were last amended in May 2013: Easter Seals NH \$3.725 million, Easter Seals NY \$3 million and Harbor Schools \$275,000. The interest rate charged on outstanding borrowings is at LIBOR plus 2.25% (2.43% at August 31, 2013). Under an event of default, the interest rate will increase from LIBOR plus 2.25% to LIBOR plus 5.25%. The line is secured by a first priority interest in all business assets of Easter Seals New Hampshire, Inc., Easter Seals NY and Harbor Schools. The agreement requires that collective borrowings under the line of credit be reduced to \$3,500,000 for 30 consecutive days during each calendar year. The agreement also limits each borrower's ability to incur additional indebtedness in excess of \$500,000. Amounts outstanding under this revolving line of credit agreement at August 31, 2013 and 2012 were \$262,356 and \$451,302, respectively, related to Harbor Schools, \$1,599,505 and \$1,124,649, respectively, related to Easter Seals NY and \$1,425,875 and \$0, respectively, related to Easter Seals NH.

Easter Seals CT has a demand revolving line of credit with a bank with available borrowings up to \$1 million. The interest rate charged on outstanding borrowings is at LIBOR plus 2.25% (2.43% at August 31, 2013). The line is secured by all business assets and property of Easter Seals CT, except for certain assets limited as to use (\$3,444,569 carrying value as of August 31, 2013). Additionally, this line is guaranteed by Easter Seals NH. The agreement also limits Easter Seals CT's ability to incur additional indebtedness in excess of \$1,000,000 related to real estate, and is cross collateralized with all Easter Seals NH borrowings at this bank. Amounts outstanding under this revolving line of credit agreement at August 31, 2013 and 2012 were \$924,658 and \$406,653, respectively.

NHHEFA 2004A Revenue Bonds

In connection with the NHHEFA 2004A Revenue Bonds, Easter Seals NH is required to make deposits of interest and principal of sufficient amounts to make the required interest payments and to retire the Bonds when due. The 2004A Revenue Bonds require that Easter Seals NH maintain certain reserve funds with a trustee for current required principal and interest payments. Such amounts, which are included within assets limited as to use, totaled \$288,778 and \$273,761 at August 31, 2013 and 2012, respectively. This agreement also requires bank approval prior to Easter Seals NH incurring additional indebtedness. Easter Seals NH has two letters of credit securing the bonds each for \$14,840,246 (expiring and subject to renewal on December 1, 2013, and mainly to support future principal and interest repayments due under the 2004A Revenue Bonds), Easter Seals NH is required to replace or renew the two \$14,840,246 letters of credit upon their expiration or the related bonds may be subject to early redemption. Easter Seals NH pays an annual fee for the two letters of credit relating to the 2004A NHHEFA Revenue Bonds. Fees incurred on these letters of credit totaled approximately \$157,000 and \$234,000 in 2013 and 2012, respectively.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

8. Borrowings (Continued)

Series 2010 Revenue Bonds

On December 1, 2010, Easter Seals NY, in connection with the Monroe County Industrial Development Corporation and RBS Citizens, issued \$5,250,000 in Series 2010 tax-exempt Revenue Bonds (the Series 2010 Bonds). The Series 2010 Bonds were used to finance the acquisition of certain property located in Irondequoit, New York, provide for improvements to a school building and an existing rehabilitation facility, and construct two residential rehabilitation facilities. Additionally, proceeds were used to refinance certain Easter Seals NY outstanding debt.

The Series 2010 Bonds are secured by a mortgage on all properties and improvements financed by the bonds, and are guaranteed by Easter Seals NH. Easter Seals NY may elect to prepay some portion or all of the outstanding bonds subject to a prepayment fee, as defined. This agreement also requires bank approval prior to Easter Seals NY incurring additional indebtedness. The Series 2010 Bonds are subject to tender for mandatory purchase at the election of the bondholder beginning June 1, 2016, and thereafter every five years through June 1, 2036.

Interest Rate Swap Agreements

Easter Seals NH has an interest rate swap agreement with a bank in connection with the Series 2004A Revenue Bonds. The swap agreement has an outstanding notional amount of \$14,660,000 and \$15,025,000 at August 31, 2013 and 2012, respectively, which reduces, in conjunction with bond principal reductions, until the agreement terminates in December 2034. Easter Seals NH remits interest at the fixed rate of 3.54% and receives interest at a variable rate (0.07% at August 31, 2013).

On February 23, 2011, Easter Seals NY entered into an interest rate swap agreement with a bank in connection with the Series 2010 Revenue Bonds. The swap agreement had an outstanding notional amount of \$5,052,360 and \$5,171,840 at August 31, 2013 and 2012, respectively, which reduces, in conjunction with bond principal reductions, until the agreement terminates in January 2031. Easter Seals NY remits interest at a fixed rate of 2.99% and receives interest at a variable rate (68% of monthly LIBOR).

On December 27, 2010, Easter Seals CT entered into an interest rate swap agreement in connection with an outstanding mortgage payable (\$2,470,000 and \$2,584,000 at August 31, 2013 and 2012, respectively), until the agreement terminates in March 2015. The original notional amount of \$1,800,000 will reduce ratably in conjunction with repayment of the note payable. The swap agreement effectively changed the variable rate (2.83% at August 31, 2013) to a fixed rate of 2.72% for the notional amounts outstanding, which is approximately 65% of the related mortgage payable.

The fair value of the above interest rate swap agreements totaled \$2,758,346 and \$5,135,978 at August 31, 2013 and 2012, respectively, \$708,132 and \$734,470 of which was current at August 31, 2013 and 2012, respectively. During the years ended August 31, 2013 and 2012 net payments required by the agreements totaled \$692,269 and \$708,196, respectively. These payments have been included in interest expense within the consolidated statements of activities and changes in net assets. See note 11 with respect to fair value determinations.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

8. Borrowings (Continued)

In addition to the above swap agreements, Harbor Schools had an interest rate swap agreement with a bank in connection with certain bonds issued through the Massachusetts Development Finance Authority. The interest rate swap agreement, which would otherwise have terminated in October 2015, was terminated effective November 15, 2011 upon Harbor Schools full repayment of those bonds. This triggered a swap termination payment of \$159,678, which was recognized in 2012.

Debt Covenants

In connection with the bonds, lines of credit and various other notes payable described above, Easter Seals NH is required to comply with certain financial covenants including, but not limited to, minimum liquidity and debt service coverage ratios. At August 31, 2013, Easter Seals NH was in compliance with restrictive covenants specified under the NHHEFA bonds, Series 2010 Bonds, and other debt obligations.

9. Donated Services

A number of volunteers have donated their time in connection with Easter Seals NH's program services and fundraising campaigns. However, no amounts have been reflected in the accompanying consolidated financial statements for such donated services, as no objective basis is available to measure the value.

10. Related Party Transactions

Approximately 13% and 19% of other fees and grants revenue is derived from a pass-through grant from Easter Seals, Inc. for the years ended August 31, 2013 and 2012, respectively. Easter Seals NH is a member of Easter Seals, Inc. As of August 31, 2013 and 2012, Easter Seals NH had a receivable of \$247,471 and \$441,980, respectively, from Easter Seals, Inc. related to amounts due under this grant. Membership fees to Easter Seals, Inc. were \$121,780 and \$134,887 for the years ended August 31, 2013 and 2012, respectively and are reflected as support of National programs on the accompanying consolidated statements of activity and changes in net assets.

11. Fair Value of Financial Instruments

Fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at their measurement date. In determining fair value, Easter Seals NH uses various methods including market, income and cost approaches, and utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in factors used in the valuation. These factors may be readily observable, market corroborated, or generally unobservable. Easter Seals NH utilizes valuation techniques that maximize the use of observable factors and minimizes the use of unobservable factors.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

11. Fair Value of Financial Instruments (Continued)

Certain of Easter Seals NH's financial instruments are reported at fair value, which include beneficial interest held in trusts, investments and the interest rate swaps, and are classified by levels that rank the quality and reliability of the information used to determine fair value:

Level 1 – Valuations for financial instruments traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical instruments.

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

Level 3 – Valuations for financial instruments derived from other methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining fair value.

The following describes the valuation methodologies used to measure financial assets and liabilities at fair value. The levels relate to valuation only and do not necessarily indicate a measure of investment risk. There have been no changes in the methodologies used by Easter Seals NH at August 31, 2013 and 2012.

Investments and Assets Limited as to Use

Cash and cash equivalents are deemed to be Level 1. The fair values of marketable equity securities, money market and mutual funds and government and agency securities that are based upon quoted prices in active markets for identical assets are reflected as Level 1. Investments in certain other mutual funds and corporate and foreign bonds where securities are transparent and generally are based upon quoted prices in active markets are valued by the investment managers and reflected as Level 2. Investments in certificates of deposit are at cost plus accrued interest, which is estimated to approximate fair value and are included in Level 2.

Beneficial Interest in Trusts Held by Others

The beneficial interest in trusts held by others has been assigned fair value levels based on the fair value levels of the underlying investments within the trusts. The fair values of marketable equity securities, money market and mutual funds, government and agency securities and other asset funds are based upon quoted prices in active markets for identical assets and are reflected as Level 1. Investments in marketable equity securities, mutual funds and corporate and foreign bonds where securities are transparent and generally are based upon quoted prices in active markets are valued by the investment managers and reflected as Level 2. Investments in alternative and other asset funds are derived from other methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions, and are reflected as Level 3. Level 3 valuations incorporate certain assumptions and projections in determining fair value.

Interest Rate Swap Agreements

The fair value for the interest rate swap liabilities is included in Level 3 and is estimated by the counterparty using industry standard valuation models. These models project future cash flows and discount the future amounts to present value using market-based observable inputs, including interest rates.

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

11. Fair Value of Financial Instruments (Continued)

At August 31, 2013 and 2012, Easter Seals NH's assets and liabilities measured at fair value on a recurring basis were classified as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2013</u>				
Assets:				
Assets limited as to use and investments at fair value:				
Cash and cash equivalents	\$ 3,513,266	\$ —	\$ —	\$ 3,513,266
Certificates of deposit	—	554,282	—	554,282
Marketable equity securities:				
Large-cap	2,550,313	—	—	2,550,313
International	219,797	—	—	219,797
Mutual funds, open-ended:				
Short-term fixed income	3,304,368	—	—	3,304,368
Intermediate-term bond fund	543,938	—	—	543,938
High yield bond fund	274,582	—	—	274,582
Foreign bond	210,342	—	—	210,342
Government securities	511,971	—	—	511,971
International equities	693,837	—	—	693,837
Domestic, large-cap	816,851	—	—	816,851
Domestic, mid-cap	369,532	—	—	369,532
Domestic, small-cap	237,828	—	—	237,828
Real estate fund	3,868	—	—	3,868
Mutual funds, closed-ended:				
Fixed income and bond	427,663	—	—	427,663
Domestic, large-cap	2,002,955	—	—	2,002,955
Domestic, mid-cap	493,556	—	—	493,556
Domestic, small-cap	913,054	—	—	913,054
International equity	173,305	—	—	173,305
Commodity	14,383	—	—	14,383
Corporate and foreign bonds	—	903,497	—	903,497
Government and agency securities	<u>631,627</u>	<u>—</u>	<u>—</u>	<u>631,627</u>
	<u>\$17,907,036</u>	<u>\$1,457,779</u>	<u>\$ —</u>	<u>\$19,364,815</u>
Beneficial interest in trust held by others:				
Money market funds	\$ 4,555	\$ —	\$ —	\$ 4,555
Marketable equity securities:				
Large-cap	2,544,889	148,594	—	2,693,483
Mid-cap	809,286	45,600	—	854,886
Small-cap	—	33,110	—	33,110
International	319,796	40,369	—	360,165
Emerging markets	118,842	—	—	118,842
Corporate bonds	—	709,131	—	709,131
Foreign bonds	—	6,029	—	6,029

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

11. Fair Value of Financial Instruments (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Domestic fixed income	\$ —	\$ 654,361	\$ —	\$ 654,361
International equity	34,664	—	—	34,664
International fixed income	19,931	—	—	19,931
Domestic large-cap equity	67,476	—	—	67,476
Domestic mid-cap equity	16,984	—	—	16,984
Domestic small-cap equity	20,565	—	—	20,565
Commodity	5,465	—	—	5,465
Government and agency securities	20,202	—	—	20,202
Real estate investment trust	95,123	—	—	95,123
Alternative and structured asset funds	<u>33,921</u>	<u>—</u>	<u>88,834</u>	<u>122,755</u>
	<u>\$ 4,111,699</u>	<u>\$ 1,637,194</u>	<u>\$ 88,834</u>	<u>\$ 5,837,727</u>
Liabilities:				
Interest rate swap agreements	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,758,346</u>	<u>\$ 2,758,346</u>
<u>2012</u>				
Assets:				
Assets limited as to use and investments at fair value:				
Cash and cash equivalents	\$ 2,784,158	\$ —	\$ —	\$ 2,784,158
Certificates of deposit	—	1,650,399	—	1,650,399
Marketable equity securities:				
Large-cap	2,112,576	—	—	2,112,576
International	189,358	—	—	189,358
Mutual funds, open-ended:				
Short-term fixed income	2,704,530	—	—	2,704,530
Intermediate-term bond fund	776,015	—	—	776,015
High yield bond fund	277,483	—	—	277,483
Foreign bond	142,305	—	—	142,305
Government securities	684,829	—	—	684,829
International equities	350,761	—	—	350,761
Domestic, large-cap	850,491	—	—	850,491
Domestic, mid-cap	1,039,241	—	—	1,039,241
Domestic, small-cap	159,736	—	—	159,736
Real estate fund	68,271	—	—	68,271
Mutual funds, closed-ended:				
Fixed income and bond	339,555	—	—	339,555
Domestic, large-cap	2,120,790	—	—	2,120,790
Domestic, mid-cap	16,045	—	—	16,045
Domestic, small-cap	239,693	—	—	239,693
International equity	614,770	—	—	614,770
Commodity	119,737	—	—	119,737
Corporate and foreign bonds	—	930,355	—	930,355
Government and agency securities	<u>310,437</u>	<u>—</u>	<u>—</u>	<u>310,437</u>
	<u>\$ 15,900,781</u>	<u>\$ 2,580,754</u>	<u>\$ —</u>	<u>\$ 18,481,535</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

11. Fair Value of Financial Instruments (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in trust held by others:				
Money market funds	\$ 403,426	\$ —	\$ —	\$ 403,426
Marketable equity securities:				
Large-cap	2,128,511	136,980	—	2,265,491
Mid-cap	367,586	38,092	—	405,678
Small-cap	—	26,099	—	26,099
International	421,345	35,421	—	456,766
Emerging markets	23,776	—	—	23,776
Corporate bonds	—	622,220	—	622,220
Foreign bonds	—	20,659	—	20,659
Mutual funds:				
Domestic fixed income	—	975,161	—	975,161
International equity	32,132	—	—	32,132
International fixed income	20,938	—	—	20,938
Domestic large-cap equity	62,604	—	—	62,604
Domestic mid-cap equity	14,062	—	—	14,062
Domestic small-cap equity	18,779	—	—	18,779
Government and agency securities	34,061	—	—	34,061
Real estate investment trust	102,373	—	—	102,373
Alternative and structured asset funds	<u>35,452</u>	<u>—</u>	<u>78,614</u>	<u>114,066</u>
	<u>\$ 3,665,045</u>	<u>\$ 1,854,632</u>	<u>\$ 78,614</u>	<u>\$ 5,598,291</u>
Liabilities:				
Interest rate swap agreements	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,135,978</u>	<u>\$ 5,135,978</u>

The table below sets forth a summary of changes in the fair value of Easter Seals NH's Level 3 assets and liabilities for the years ended August 31, 2013 and 2012:

	<u>Interest Rate Swaps</u>	<u>Alternative and Other Asset Funds</u>
Beginning balance, September 1, 2011	\$ (4,041,445)	\$ 57,709
Unrealized (losses) gains, net	(1,254,211)	20,905
Swap termination payment	<u>159,678</u>	<u>—</u>
Ending balance, August 31, 2012	(5,135,978)	78,614
Unrealized gains, net	<u>2,377,632</u>	<u>10,220</u>
Ending balance, August 31, 2013	<u>\$ (2,758,346)</u>	<u>\$ 88,834</u>

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

11. Fair Value of Financial Instruments (Continued)

Unrealized gains relating to the Harbor Schools interest rate swap totaled \$8,185 in 2012, and are included within discontinued operations (see note 13).

The net amounts of unrealized gains (losses) for the period attributable to the change in unrealized gains (losses) relating to the interest rate swaps still held at August 31, 2013 and 2012 were \$2,377,632 and (\$1,254,211), respectively. The amount of unrealized gains for the period attributable to the change in unrealized gains relating to the Level 3 investments still held at August 31, 2013 and 2012 were \$10,220 and \$12,817, respectively.

Easter Seals NH's other financial instruments, including cash and cash equivalents, accounts receivable from affiliates, program and other accounts receivable, contributions receivable, accounts payable, lines of credit, and long-term debt, have fair values approximating their carrying values because of the short-term nature of the financial instruments or because interest rates approximate current market rates.

12. Acquisition

On September 1, 2011, Easter Seals NH entered into an affiliation agreement under which Easter Seals NH became the sole member of Webster Place. Webster Place was not controlled by Easter Seals NH prior to this agreement. This affiliation was accounted for in the year ended August 31, 2012 in accordance with generally accepted accounting principles guidance on acquisitions by a not-for-profit entity. Substantially all revenue and support of Webster Place is from fees charged for services. Webster Place had revenue of approximately \$2,064,000, and an increase in net assets from operations of approximately \$763,000 for the year ended August 31, 2012, which results were attributed by the management of Easter Seals NH to being driven by effective management of the programs and identification of candidates for those programs. The tangible and identifiable intangible assets acquired, and deferred revenue and liabilities assumed, were initially recorded at their estimated fair values as determined by management at the acquisition date, as summarized below:

Assets acquired:

Cash and cash equivalents	\$ 227,830
Other current assets	26,789
Patient list	331,000
Fixed assets	<u>112,776</u>
	698,395

Liabilities assumed:

Accounts payable	(54,125)
Deferred revenue	(131,582)
Debt	<u>(512,688)</u>

Fair value of net assets acquired \$ —

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

13. Discontinued Operations

On March 22, 2013, the Board of Directors of Easter Seals NY voted to discontinue the Bronx Early Intervention program. On July 1, 2013, the Center for Therapeutic Recreation program located in Portland, Maine was transferred to the City of Portland and at that same time Easter Seals ME discontinued offering those services. On September 1, 2012, the Board of Directors of Easter Seals NH voted to discontinue the Raymond Preschool program and surrender the related operating license. On September 25, 2013, the Board of Directors of Easter Seals CT voted to discontinue the camp programs and cease all operations effective November 16, 2013. On January 25, 2012, the Board of Directors of Easter Seals NH voted to close Harbor Schools and cease all operations of this subsidiary. On January 25, 2012, the Board of Directors of Easter Seals New Hampshire, Inc. also voted to approve discontinuing the group home and special education programs in Rutland, Vermont.

The management of Easter Seals NH has determined that the closure of each of these programs/entities met the criteria for classification as discontinued operations. The decisions to close the programs were based on performance factors.

Summary statements of financial position for each of the above discontinued programs/entities as of August 31, 2013 and 2012 are as follows:

	<u>Rutland, Vermont</u>		<u>Harbor Schools</u>		<u>Bronx EI</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Total assets	\$ —	\$ 1,000	\$ 872,744	\$ 1,118,306	\$ 24,451	\$ 53,066
Total liabilities	1,197	—	595,053	813,880	9,289	—
Net assets (deficit):						
Unrestricted	(1,197)	1,000	230,951	251,319	15,162	53,066
Temporarily restricted	—	—	22,914	29,281	—	—
Permanently restricted	—	—	23,826	23,826	—	—

	<u>CTR Maine</u>		<u>CT Camp</u>		<u>NH Preschool</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Total assets	\$ 1,888	\$ 8,799	\$ 2,119,068	\$ 2,202,704	\$ —	\$ 17,786
Total liabilities	38	—	2,470,000	2,582,681	—	—
Net assets (deficit):						
Unrestricted	1,850	8,799	(350,932)	(379,977)	—	17,786
Temporarily restricted	—	—	—	—	—	—
Permanently restricted	—	—	—	—	—	—

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012

13. Discontinued Operations (Continued)

Summary statements of activities for each of the above discontinued programs/entities for the years ended August 31, 2013 and 2012 are as follows:

	<u>Rutland Vermont</u>		<u>Harbor Schools</u>		<u>Bronx EI</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Total public support and revenue	\$ —	\$ 242,500	\$ 12,907	\$ 2,589,615	\$ 320,740	\$ 330,968
Operating expenses	(20,310)	(401,216)	(329,961)	(3,871,472)	(531,841)	(455,208)
Other nonoperating expense, gains or losses	—	—	(1,469)	(57,538)	—	—
Gain on sale of properties, net	<u>—</u>	<u>106,474</u>	<u>291,788</u>	<u>1,913,435</u>	<u>—</u>	<u>—</u>
Total increase (decrease) in net assets	<u>\$ (20,310)</u>	<u>\$ (52,242)</u>	<u>\$ (26,735)</u>	<u>\$ 574,040</u>	<u>\$ (211,101)</u>	<u>\$ (124,240)</u>

	<u>CTR Maine</u>		<u>CT Camp</u>		<u>NH Preschool</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Total public support and revenue	\$ 124,872	\$ 167,848	\$ 774,143	\$ 619,084	\$ —	\$ 64,084
Operating expenses	(165,621)	(203,959)	(1,431,704)	(980,659)	(53,735)	(145,060)
Other nonoperating expense, gains or losses	—	—	—	—	—	—
Gain (loss) on sale of properties, net	<u>325</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(15,563)</u>	<u>—</u>
Total increase (decrease) in net assets	<u>\$ (40,424)</u>	<u>\$ (36,111)</u>	<u>\$ (657,561)</u>	<u>\$ (361,575)</u>	<u>\$ (69,298)</u>	<u>\$ (80,976)</u>

During 2013 and 2012, Easter Seals NH sold two and six properties, respectively, related to the closure of these programs, which resulted in gains on the sale of property of \$276,550 and \$2,019,909 for the years ending August 31, 2013 and 2012, respectively.

14. Concentrations

Easter Seals NH maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed amounts guaranteed by the Federal Deposit Insurance Corporation. Easter Seals NH has not experienced any losses in such accounts, and management believes Easter Seals NH is not exposed to any significant credit risk on cash and cash equivalents.

OTHER FINANCIAL INFORMATION

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

August 31, 2013

ASSETS

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	Connecticut	New York	Elimi- nations	Total
	\$ 1,884,939	\$ 500	\$ 300	\$ 500	\$ —	\$ 270,732	\$ 885,650	\$ —	\$ 3,042,621
	8,588,060	983,077	—	—	—	—	247,471	(9,571,137)	247,471
ble, net	6,375,827	627,330	541,354	160,914	3,500	283,994	3,231,789	—	11,224,708
	343,482	—	1,725	20,175	—	28,350	292,378	—	686,110
to use	288,778	—	—	—	—	253,183	—	—	541,961
assets	<u>426,695</u>	<u>4,950</u>	<u>37,302</u>	<u>9,276</u>	<u>—</u>	<u>80,358</u>	<u>225,263</u>	<u>—</u>	<u>783,844</u>
	17,907,781	1,615,857	580,681	190,865	3,500	916,617	4,882,551	(9,571,137)	16,526,715
portion	1,367,127	—	—	—	—	3,191,386	—	—	4,558,513
	20,574,542	1,994	29,777	20,130	—	1,919,988	5,520,453	—	28,066,884
	—	—	—	—	822,504	—	—	—	822,504
	65,290	—	—	—	—	—	179,461	—	244,751
	11,646,528	—	—	—	46,740	1,699,874	871,199	—	14,264,341
RTS	<u>969,247</u>	<u>—</u>	<u>—</u>	<u>35,917</u>	<u>—</u>	<u>5,207,585</u>	<u>618,051</u>	<u>—</u>	<u>6,830,800</u>
	<u>\$52,530,515</u>	<u>\$1,617,851</u>	<u>\$ 610,458</u>	<u>\$ 246,912</u>	<u>\$ 872,744</u>	<u>\$12,935,450</u>	<u>\$12,071,715</u>	<u>\$ (9,571,137)</u>	<u>\$71,314,508</u>

LIABILITIES AND NET ASSETS

<u>* New Hampshire</u>	<u>Vermont</u>	<u>Maine</u>	<u>Rhode Island</u>	<u>Harbor Schools, Inc.</u>	<u>Connecticut</u>	<u>New York</u>	<u>Elimi- nations</u>	<u>Total</u>
\$ 1,425,875	\$ —	\$ —	\$ —	\$ 262,356	\$ 924,658	\$ 1,599,505	\$ —	\$ 4,212,394
1,259,499	8,467	1,492	3,458	907	65,152	473,153	—	1,812,128
3,058,850	7,722	28,013	6,617	29,988	115,836	896,428	—	4,143,454
4,654,485	—	2,790,841	58,729	296,552	493,735	1,276,795	(9,571,137)	—
1,368,832	12,095	55,123	—	5,250	264,818	160,116	—	1,866,234
525,435	—	—	—	—	39,267	143,430	—	708,132
<u>523,287</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>114,000</u>	<u>159,003</u>	<u>—</u>	<u>796,290</u>
12,816,263	28,284	2,875,469	68,804	595,053	2,017,466	4,708,430	(9,571,137)	13,538,632
—	—	—	—	—	3,191,386	—	—	3,191,386
1,367,458	—	—	—	—	—	—	—	1,367,458
1,699,286	—	—	—	—	17,475	333,453	—	2,050,214
<u>17,995,953</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,356,000</u>	<u>4,966,714</u>	<u>—</u>	<u>25,318,667</u>
33,878,960	28,284	2,875,469	68,804	595,053	7,582,327	10,008,597	(9,571,137)	45,466,357
13,547,926	1,589,568	(2,279,862)	140,709	230,951	145,539	1,392,877	—	14,767,708
734,001	(1)	14,851	1,482	22,914	—	152,190	—	925,437
<u>4,369,628</u>	<u>—</u>	<u>—</u>	<u>35,917</u>	<u>23,826</u>	<u>5,207,584</u>	<u>518,051</u>	<u>—</u>	<u>10,155,006</u>
<u>18,651,555</u>	<u>1,589,567</u>	<u>(2,265,011)</u>	<u>178,108</u>	<u>277,691</u>	<u>5,353,123</u>	<u>2,063,118</u>	<u>—</u>	<u>25,848,151</u>
<u>\$52,530,515</u>	<u>\$1,617,851</u>	<u>\$ 610,458</u>	<u>\$ 246,912</u>	<u>\$ 872,744</u>	<u>\$12,935,450</u>	<u>\$12,071,715</u>	<u>\$ (9,571,137)</u>	<u>\$71,314,508</u>

ebster Place, Inc. and Manchester Alcoholism Rehabilitation Center

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

August 31, 2012

ASSETS

	<u>* New Hampshire</u>	<u>Vermont</u>	<u>Maine</u>	<u>Rhode Island</u>	<u>Harbor Schools, Inc.</u>	<u>Connecticut</u>	<u>New York</u>	<u>Elimi- nations</u>	<u>Total</u>
	\$ 3,261,116	\$ 1,500	\$ 400	\$ 500	\$ —	\$ 217,128	\$ 921,543	\$ —	\$ 4,402,187
	7,589,576	1,223,181	—	—	—	—	441,980	(8,812,757)	441,980
ble, net	6,205,477	307,858	140,420	140,702	2,655	213,524	2,310,934	—	9,321,570
	184,118	250	4,242	8,642	—	10,160	284,317	—	491,729
to use	273,761	—	—	—	—	184,244	—	—	458,005
assets	<u>796,271</u>	<u>12,698</u>	<u>20,780</u>	<u>11,863</u>	<u>17,625</u>	<u>56,849</u>	<u>388,087</u>	<u>—</u>	<u>1,304,173</u>
	18,310,319	1,545,487	165,842	161,707	20,280	681,905	4,346,861	(8,812,757)	16,419,644
portion	1,167,789	—	—	—	—	3,849,984	—	—	5,017,773
	17,149,053	1,621	9,272	14,324	140,666	2,061,397	5,756,148	—	25,132,481
	—	—	—	—	910,171	—	—	—	910,171
	68,363	—	—	—	—	—	186,027	—	254,390
	10,609,510	—	—	—	47,189	1,526,328	822,730	—	13,005,757
ers	<u>992,034</u>	<u>—</u>	<u>—</u>	<u>34,488</u>	<u>—</u>	<u>4,999,548</u>	<u>593,941</u>	<u>—</u>	<u>6,620,011</u>
	<u>\$48,297,068</u>	<u>\$1,547,108</u>	<u>\$ 175,114</u>	<u>\$ 210,519</u>	<u>\$1,118,306</u>	<u>\$13,119,162</u>	<u>\$11,705,707</u>	<u>\$ (8,812,757)</u>	<u>\$67,360,227</u>

LIABILITIES AND NET ASSETS

* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	Connecticut	New York	Elimi- nations	Total
\$ -	\$ -	\$ -	\$ -	\$ 451,302	\$ 406,653	\$ 1,124,649	\$ -	\$ 1,982,604
1,646,794	9,093	476	4,154	236,194	43,982	690,242	-	2,630,935
3,200,668	6,041	20,936	7,584	95,290	142,447	889,226	-	4,362,192
4,867,724	-	2,386,803	25,941	31,094	476,403	1,024,792	(8,812,757)	-
-	-	-	-	-	-	435,008	-	435,008
1,469,308	21,337	19,644	450	-	190,312	56,232	-	1,757,283
545,538	-	-	-	-	41,541	147,391	-	734,470
<u>478,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,000</u>	<u>154,172</u>	<u>-</u>	<u>746,716</u>
12,208,576	36,471	2,427,859	38,129	813,880	1,415,338	4,521,712	(8,812,757)	12,649,208
-	-	-	-	-	3,778,487	-	-	3,778,487
1,168,659	-	-	-	-	-	-	-	1,168,659
3,435,046	-	-	-	-	56,467	909,995	-	4,401,508
<u>15,328,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,470,000</u>	<u>5,125,720</u>	<u>-</u>	<u>22,923,934</u>
32,140,495	36,471	2,427,859	38,129	813,880	7,720,292	10,557,427	(8,812,757)	44,921,796
11,322,701	1,510,638	(2,255,245)	132,103	251,319	399,323	576,920	-	11,937,759
483,752	(1)	2,500	5,799	29,281	-	77,419	-	598,750
<u>4,350,120</u>	<u>-</u>	<u>-</u>	<u>34,488</u>	<u>23,826</u>	<u>4,999,547</u>	<u>493,941</u>	<u>-</u>	<u>9,901,922</u>
<u>16,156,573</u>	<u>1,510,637</u>	<u>(2,252,745)</u>	<u>172,390</u>	<u>304,426</u>	<u>5,398,870</u>	<u>1,148,280</u>	<u>-</u>	<u>22,438,431</u>
<u>\$48,297,068</u>	<u>\$1,547,108</u>	<u>\$ 175,114</u>	<u>\$ 210,519</u>	<u>\$1,118,306</u>	<u>\$13,119,162</u>	<u>\$11,705,707</u>	<u>\$ (8,812,757)</u>	<u>\$67,360,227</u>

Special Transit Service, Inc., Webster Place, Inc. and Manchester Alcoholism Rehabilitation Center

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended August 31, 2013

<u>* New Hampshire</u>	<u>Vermont</u>	<u>Maine</u>	<u>Rhode Island</u>	<u>Harbor Schools, Inc.</u>	<u>Connecticut</u>	<u>New York</u>	<u>Elimi- nations</u>	<u>Total</u>
\$ 1,982,061	\$ 833	\$ 20,222	\$ 34,516	\$ —	\$ 43,732	\$ 416,983	\$ —	\$ 2,498,347
323,059	176	57,225	106,647	—	35,291	466,125	—	988,523
379,744	15,804	12,321	32,663	—	2,702	—	—	443,234
<u>108,362</u>	<u>—</u>	<u>79,247</u>	<u>1,710</u>	<u>—</u>	<u>20,270</u>	<u>160,234</u>	<u>—</u>	<u>369,823</u>
2,793,226	16,813	169,015	175,536	—	101,995	1,043,342	—	4,299,927
36,843,073	2,855,468	1,456,933	1,077,769	—	481,247	23,739,100	—	66,453,590
19,378,555	727,962	30,673	64,890	—	16,554	3,794,589	—	24,013,223
4,019,558	—	—	—	—	—	—	—	4,019,558
353,638	—	—	1,431	—	305,749	52,749	(31,275)	682,292
1,240	—	—	—	—	—	143,531	—	144,771
1,966,264	—	—	—	—	—	54,004	(2,020,268)	—
<u>111,174</u>	<u>9,294</u>	<u>131</u>	<u>5,600</u>	<u>—</u>	<u>527,885</u>	<u>41,211</u>	<u>—</u>	<u>695,295</u>
<u>62,673,502</u>	<u>3,592,724</u>	<u>1,487,737</u>	<u>1,149,690</u>	<u>—</u>	<u>1,331,435</u>	<u>27,825,184</u>	<u>(2,051,543)</u>	<u>96,008,729</u>
65,466,728	3,609,537	1,656,752	1,325,226	—	1,433,430	28,868,526	(2,051,543)	100,308,656
257,956	885	87	3,746	—	241	346,187	—	609,102
41,275	—	—	—	—	—	—	—	41,275
<u>56,210,877</u>	<u>3,177,319</u>	<u>1,437,204</u>	<u>1,073,809</u>	<u>—</u>	<u>945,531</u>	<u>24,682,214</u>	<u>(148,200)</u>	<u>87,378,754</u>
56,510,108	3,178,204	1,437,291	1,077,555	—	945,772	25,028,401	(148,200)	88,029,131

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	Connecticut	New York	Elimi- nations	Total
	\$ 7,893,023	\$ 329,705	\$ 154,349	\$ 121,246	\$ —	\$ 75,977	\$ 2,686,098	\$ (1,855,742)	\$ 9,404,656
	<u>958,211</u>	<u>2,388</u>	<u>36,359</u>	<u>116,701</u>	<u>—</u>	<u>156,362</u>	<u>533,649</u>	<u>(47,601)</u>	<u>1,756,069</u>
	<u>8,851,234</u>	<u>332,093</u>	<u>190,708</u>	<u>237,947</u>	<u>—</u>	<u>232,339</u>	<u>3,219,747</u>	<u>(1,903,343)</u>	<u>11,160,725</u>
	65,361,342	3,510,297	1,627,999	1,315,502	—	1,178,111	28,248,148	(2,051,543)	99,189,856
	<u>25,325</u>	<u>—</u>	<u>595</u>	<u>5,435</u>	<u>—</u>	<u>5,029</u>	<u>85,396</u>	<u>—</u>	<u>121,780</u>
	<u>65,386,667</u>	<u>3,510,297</u>	<u>1,628,594</u>	<u>1,320,937</u>	<u>—</u>	<u>1,183,140</u>	<u>28,333,544</u>	<u>(2,051,543)</u>	<u>99,311,636</u>
	80,061	99,240	28,158	4,289	—	250,290	534,982	—	997,020
losses:									
waps	1,755,863	—	—	—	—	41,266	580,503	—	2,377,632
ises)	715,103	—	—	—	—	112,222	(13,656)	—	813,669
	5,861	—	—	1,429	—	208,036	24,110	—	239,436
erty,	<u>7,392</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,392</u>
	<u>2,484,219</u>	<u>—</u>	<u>—</u>	<u>1,429</u>	<u>—</u>	<u>361,524</u>	<u>590,957</u>	<u>—</u>	<u>3,438,129</u>
	2,564,280	99,240	28,158	5,718	—	611,814	1,125,939	—	4,435,149
	<u>(69,298)</u>	<u>(20,310)</u>	<u>(40,424)</u>	<u>—</u>	<u>(26,735)</u>	<u>(657,561)</u>	<u>(211,101)</u>	<u>—</u>	<u>(1,025,429)</u>
	2,494,982	78,930	(12,266)	5,718	(26,735)	(45,747)	914,838	—	3,409,720
	<u>16,156,573</u>	<u>1,510,637</u>	<u>(2,252,745)</u>	<u>172,390</u>	<u>304,426</u>	<u>5,398,870</u>	<u>1,148,280</u>	<u>—</u>	<u>22,438,431</u>
	<u>\$ 18,651,555</u>	<u>\$ 1,589,567</u>	<u>\$ (2,265,011)</u>	<u>\$ 178,108</u>	<u>\$ 277,691</u>	<u>\$ 5,353,123</u>	<u>\$ 2,063,118</u>	<u>\$ —</u>	<u>\$ 25,848,151</u>

or Place Inc., and Manchester Alcoholism Rehabilitation Center

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended August 31, 2012

<u>* New Hampshire</u>	<u>Vermont</u>	<u>Maine</u>	<u>Rhode Island</u>	<u>Harbor Schools, Inc.</u>	<u>Connecticut</u>	<u>New York</u>	<u>Elimi- nations</u>	<u>Total</u>
\$ 1,156,204	\$ 1,724	\$ 32,327	\$ 20,558	\$ —	\$ 38,367	\$ 713,660	\$ —	\$ 1,962,840
334,262	2,290	50,586	100,824	—	60,337	637,478	—	1,185,777
407,951	4,795	21,089	33,306	—	10,830	—	—	477,971
<u>(3,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,761</u>	<u>122,000</u>	<u>—</u>	<u>127,761</u>
1,895,417	8,809	104,002	154,688	—	118,295	1,473,138	—	3,754,349
38,016,845	2,551,544	1,200,957	996,191	—	148,477	20,301,892	—	63,215,906
20,545,703	561,452	8,401	68,030	—	25,818	5,545,943	—	26,755,347
4,057,412	—	—	—	—	—	—	—	4,057,412
322,079	—	—	1,413	—	308,690	51,918	—	684,100
320	—	—	—	—	—	140,053	—	140,373
1,933,277	—	—	—	—	—	18,388	(1,951,665)	—
<u>141,239</u>	<u>14,553</u>	<u>100</u>	<u>3,170</u>	<u>—</u>	<u>429,122</u>	<u>53,816</u>	<u>—</u>	<u>642,000</u>
<u>65,016,875</u>	<u>3,127,549</u>	<u>1,209,458</u>	<u>1,068,804</u>	<u>—</u>	<u>912,107</u>	<u>26,112,010</u>	<u>(1,951,665)</u>	<u>95,495,138</u>
66,912,292	3,136,358	1,313,460	1,223,492	—	1,030,402	27,585,148	(1,951,665)	99,249,487
264,402	1,099	2,195	4,160	—	—	323,778	—	595,634
22,251	—	—	—	—	—	—	—	22,251
<u>56,732,061</u>	<u>2,829,132</u>	<u>1,313,305</u>	<u>980,690</u>	<u>—</u>	<u>483,305</u>	<u>24,548,142</u>	<u>(243,332)</u>	<u>86,643,303</u>
57,018,714	2,830,231	1,315,500	984,850	—	483,305	24,871,920	(243,332)	87,261,188

	* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	Connecticut	New York	Elimi- nations	Total
	\$ 7,553,872	\$ 259,458	\$ 146,294	\$ 101,051	\$ —	\$ 172,564	\$ 2,175,566	\$ (1,708,333)	\$ 8,700,472
	<u>712,742</u>	<u>24,527</u>	<u>92,116</u>	<u>133,417</u>	<u>—</u>	<u>265,115</u>	<u>654,438</u>	<u>—</u>	<u>1,882,355</u>
	<u>8,266,614</u>	<u>283,985</u>	<u>238,410</u>	<u>234,468</u>	<u>—</u>	<u>437,679</u>	<u>2,830,004</u>	<u>(1,708,333)</u>	<u>10,582,827</u>
	65,285,328	3,114,216	1,553,910	1,219,318	—	920,984	27,701,924	(1,951,665)	97,844,015
	<u>25,325</u>	<u>—</u>	<u>595</u>	<u>3,768</u>	<u>—</u>	<u>5,943</u>	<u>99,256</u>	<u>—</u>	<u>134,887</u>
	<u>65,310,653</u>	<u>3,114,216</u>	<u>1,554,505</u>	<u>1,223,086</u>	<u>—</u>	<u>926,927</u>	<u>27,801,180</u>	<u>(1,951,665)</u>	<u>97,978,902</u>
	1,601,639	22,142	(241,045)	406	—	103,475	(216,032)	—	1,270,585
losses:	(939,843)	—	—	—	—	19,090	(341,643)	—	(1,262,396)
waps	456,206	—	—	—	—	100,791	12,330	—	569,327
	1,678	—	—	(636)	—	310,400	34,132	—	345,574
erty,	<u>3,537</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>905</u>	<u>—</u>	<u>4,442</u>
	<u>(478,422)</u>	<u>—</u>	<u>—</u>	<u>(636)</u>	<u>—</u>	<u>430,281</u>	<u>(294,276)</u>	<u>—</u>	<u>(343,053)</u>
	1,123,217	22,142	(241,045)	(230)	—	533,756	(510,308)	—	927,532
	<u>35,455</u>	<u>(168,673)</u>	<u>(36,111)</u>	<u>—</u>	<u>574,040</u>	<u>(361,575)</u>	<u>(124,240)</u>	<u>—</u>	<u>(81,104)</u>
	1,158,672	(146,531)	(277,156)	(230)	574,040	172,181	(634,548)	—	846,428
	<u>14,997,901</u>	<u>1,657,168</u>	<u>(1,975,589)</u>	<u>172,620</u>	<u>(269,614)</u>	<u>5,226,689</u>	<u>1,782,828</u>	<u>—</u>	<u>21,592,003</u>
	<u>\$ 16,156,573</u>	<u>\$ 1,510,637</u>	<u>\$ (2,252,745)</u>	<u>\$ 172,390</u>	<u>\$ 304,426</u>	<u>\$ 5,398,870</u>	<u>\$ 1,148,280</u>	<u>\$ —</u>	<u>\$ 22,438,431</u>

Transit Service, Inc., Webster Place Inc., and Manchester Alcoholism Rehabilitation Center

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2013

* New Hampshire	Vermont	Maine	Rhode Island	Harbor Schools, Inc.	Connecticut	New York	Elimi- nations	Total
\$ 48,037,219	\$ 2,582,606	\$ 1,300,853	\$ 950,569	\$ —	\$ 755,476	\$ 19,918,642	\$ —	\$ 73,545,365
6,675,312	573,778	52,230	197,171	—	128,550	3,691,127	(2,020,268)	9,297,900
1,856,481	24,018	27,890	7,177	—	26,740	775,217	—	2,717,523
686,084	15,458	6,469	7,864	—	6,589	134,204	—	856,668
77,619	1,528	2,726	2,455	—	908	30,823	—	116,059
2,249,396	55,018	148,022	83,516	—	52,053	1,566,838	—	4,154,843
77,910	4,336	5,209	7,299	—	10,719	29,282	—	134,755
2,246,338	114,616	13,324	42,513	—	10,516	193,587	—	2,620,894
215,572	27,374	2,877	1,668	—	11,465	134,210	—	393,166
735,652	87,860	2,864	—	—	595	153,144	—	980,115
24,498	538	4,902	1,246	—	1,280	16,753	—	49,217
296,845	19,148	10,555	11,565	—	7,157	88,269	—	433,539
50,794	2,962	3,204	225	—	1,594	49,361	—	108,140
780,721	—	—	—	—	26,201	319,338	(31,275)	1,094,985
2,016	264	43,006	500	—	134,598	469,007	—	759,391
—	—	—	—	—	—	311,041	—	311,041
<u>1,238,885</u>	<u>793</u>	<u>3,868</u>	<u>1,734</u>	<u>—</u>	<u>3,670</u>	<u>367,305</u>	<u>—</u>	<u>1,616,255</u>
<u>\$ 65,361,342</u>	<u>\$ 3,510,297</u>	<u>\$ 1,627,999</u>	<u>\$ 1,315,502</u>	<u>\$ —</u>	<u>\$ 1,178,111</u>	<u>\$ 28,248,148</u>	<u>\$ (2,051,543)</u>	<u>\$ 99,189,856</u>

bster Place Inc., and Manchester Alcoholism Rehabilitation Center

EASTER SEALS NEW HAMPSHIRE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2012

<u>* New Hampshire</u>	<u>Vermont</u>	<u>Maine</u>	<u>Rhode Island</u>	<u>Harbor Schools, Inc.</u>	<u>Connecticut</u>	<u>New York</u>	<u>Elimi- nations</u>	<u>Total</u>
\$ 47,631,496	\$ 2,331,243	\$ 1,227,582	\$ 887,734	\$ —	\$ 614,326	\$ 20,224,843	\$ —	\$ 72,917,224
7,199,064	418,106	115,331	159,033	—	163,197	3,662,564	(1,951,665)	9,765,630
1,833,429	15,939	19,425	7,528	—	17,533	793,865	—	2,687,719
657,148	18,761	7,247	6,753	—	5,390	141,152	—	836,451
93,190	1,684	3,293	1,912	—	999	31,390	—	132,468
2,072,140	64,424	147,517	82,431	—	34,178	1,431,078	—	3,831,768
76,312	2,871	5,210	6,094	—	3,538	25,631	—	119,656
2,262,901	104,480	14,508	39,640	—	8,358	256,846	—	2,686,733
220,963	34,900	3,954	2,011	—	9,480	122,601	—	393,909
654,429	107,006	120	—	—	—	165,496	—	927,051
24,855	200	535	573	—	325	18,869	—	45,357
545,315	11,639	6,143	21,414	—	20,837	83,541	—	688,889
27,523	1,165	1,609	143	—	28,858	(3,112)	—	56,186
794,332	—	—	—	—	10,725	296,755	—	1,101,812
7,075	—	—	1,925	—	—	14,744	—	43,744
<u>1,165,156</u>	<u>1,798</u>	<u>1,436</u>	<u>2,127</u>	<u>—</u>	<u>3,240</u>	<u>435,661</u>	<u>—</u>	<u>1,609,418</u>
<u>\$ 65,285,328</u>	<u>\$ 3,114,216</u>	<u>\$ 1,553,910</u>	<u>\$ 1,219,318</u>	<u>\$ —</u>	<u>\$ 920,984</u>	<u>\$ 27,701,924</u>	<u>\$ (1,951,665)</u>	<u>\$ 97,844,015</u>

cial Transit Service, Inc., Webster Place Inc., and Manchester Alcoholism Rehabilitation Center



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate
Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

G&C Approved

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

Date

6/5/13

Item #

102A

50.6% Federal
47.4% General

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug and Alcohol Services, to exercise renewal options with vendors by increasing the price limitations by \$7,596,887 in aggregate from \$7,596,890 in aggregate to \$15,193,777 in aggregate for a continuum of substance abuse treatment services state-wide and extending the completion date from June 30, 2013 to June 30, 2014, effective July 1, 2013 or date of Governor and Council approval, whichever is later.

Summary of contracted amounts by vendor:

<u>Vendor</u>	<u>Amount</u>
Child and Family Services of New Hampshire	\$86,803
Concord Hospital, Inc.	\$74,406
Families First of the Greater Seacoast	\$28,922
Families in Transition	\$332,530
Greater Nashua Council on Alcoholism	\$1,356,945
Headrest, Inc.	\$251,450
Horizons Counseling Center, Inc.	\$189,576
Manchester Alcoholism Rehabilitation Center	\$1,120,599
The Mental Health Center of Greater Manchester, Inc.	\$27,114
Monadnock Family Services	\$97,819
Northern Human Services	\$199,025
Phoenix Houses of New England, Inc.	\$1,457,490
National Council on Alcoholism and Drug Dependence of Greater Manchester	\$432,468
Southeastern New Hampshire Alcohol and Drug Abuse Services	\$1,329,836
Tri-County Community Action Programs, Inc.	\$611,904
TOTAL	\$7,596,887

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 2 of 4

Funds to support this request are anticipated to be available in the following accounts in SFY 2014 upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts within the price limitation and amend the related terms of the contracts without further approval from Governor and Executive Council.

05-95-49-491510-2989 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, GOVERNOR COMMISSION FUNDS (100% General Funds)

05-95-49-491510-2990 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, CLINICAL SERVICES (34.4% General 65.6% Federal)

Please see attachment for financial details

EXPLANATION

The requested action seeks approval of 15 of 17 agreements that represent \$7,596,887 of the \$7,741,314 total anticipated to be spent state-wide to provide a continuum of substance abuse treatment services via the accounting codes listed. These services include community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children. This request seeks to exercise the renewal option that exists within each of the vendor contracts. The Department anticipates that the remaining two agreements will be presented to Governor and Executive Council on June 19, 2013.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, these contracts will continue to allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

The vendors were originally selected for this agreement through a competitive bid process. This request covers services for the period July 1, 2013 to June 30, 2014, and anticipates exercising the option to renew for one additional year as provided all of the previous vendor contracts, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with the listed vendors in State Fiscal Year 2013 in the amount of \$7,741,314 in the aggregate. This agreement represents level funding of all vendors.

The following performance measures will be used to measure the effectiveness of the agreements:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for I intensive outpatient treatment services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 4 of 4

Contractors, with the exception of those agencies that only offer outpatient services, are required to develop the capacity for group recovery support aftercare services for a minimum of 25% of the number treatment clients (including outpatient and transitional living program clients) they are under contract to serve. Group recovery support aftercare services are services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Recovery Support Services include, but are not limited to, guidance in financial management, parenting, vocational training, life management and spiritual counseling as well as transportation and child-care. These group recovery support services are for clients discharged from substance use disorder treatment services provided under contract with the Bureau of Drug and Alcohol Services on behalf of the Department, which may include clients that had received SUD treatment from the Contractor or a different agency. Contractors are only allowed to access these services for their clients or clients that had received substance use disorder treatment from a different agency through the statewide care coordination program under agreement with the Bureau of Drug and Alcohol Services on behalf of the Department.

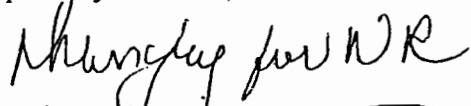
All treatment programs under contract with the Bureau of Drug and Alcohol Services on behalf of the Department are required to report on the National Outcome Measures (see attached) established by the Substance Abuse and Mental Health Services Administration, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the Electronic Health Record/Web Infrastructure Treatment System. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions. The Contractor is expected to meet or exceed these percentages as measured by the Electronic Health Record/Web Infrastructure Treatment System.

Area served: State-wide

Source of Funds: 52.6% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant and 47.4% General .

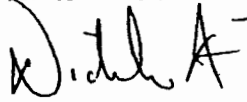
In the event that the Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollias
Associate Commissioner

Approved by:


Nicholas A. Toumpas
Commissioner



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES
BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

May 24, 2012

Approved by: GTC

Date: 6/20/12

Item No.: 104

Contract No.: 1024, 1027

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug & Alcohol Services, to enter into an agreement with Manchester Alcoholism Rehabilitation Center (Vendor # 177204), 555 Auburn Street, Manchester, NH 03103, to provide for a continuum of substance abuse treatment services, in an amount not to exceed \$1,120,599.00 to be effective July 1, 2012 or date of Governor and Council approval, whichever is later, through June 30, 2013. Funds are available in the following accounts for State Fiscal Year 2013:

05-95-95-958410-5365 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, ALCOHOL AND OTHER TREATMENT

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95846501	\$515,420.00
			Subtotal	\$515,420.00

05-95-95-958410-1388 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS: COMMISSIONER, DCBCS TREATMENT AND PREVENTION, GOVERNOR

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95848501	\$251,406.00
			Subtotal	\$251,406.00

05-95-95-958410-1387 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, TREATMENT-PREVENTION-STATE

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95841387	\$353,773.00
			Subtotal	\$353,773.00
			Total	\$1,120,599.00

EXPLANATION

The purpose of this agreement is to provide a continuum of substance abuse treatment services such as community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children, in the Manchester Area.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, this contract will allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

Manchester Alcoholism Rehabilitation Center was selected for this agreement through a competitive bid process. A Request for Proposals was posted on the Department's web site on March 6, 2012 through April 2, 2012. In addition, a bidder's conference was held on March 12, 2012.

A total of 19 proposals were received. A review committee of three professionals reviewed each proposal. All reviewers have between three to twenty years experience managing agreements with vendors for various public health programs. Areas of specific expertise include: maternal and child health; substance abuse prevention and treatment; chronic and communicable diseases; and public health infrastructure. Eighteen of the proposals were selected for funding based on review criteria that included availability of funds, consistency with stated funding priorities, technical score, and equitable geographic distribution. The agency that was not selected did not meet the minimum scoring criteria established for funding. The Bid Summary is attached.

This request covers services for the period July 1, 2012 to June 30, 2013, with an option to renew for one additional year, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with this agency in State Fiscal Year 2012 in the amount of \$1,120,599.00. This agreement represents level funding.

The following performance measures will be used to measure the effectiveness of the agreement:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services (OP)
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services (IOP) – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for IOP services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

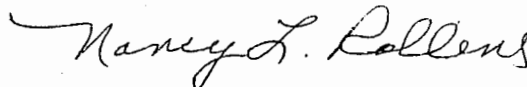
Area served: Manchester Area.

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
May 24, 2012
Page 4 of 4

Source of Funds: 46% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant, 50.85% General Funds and 3.15% Other (Highway) Funds.

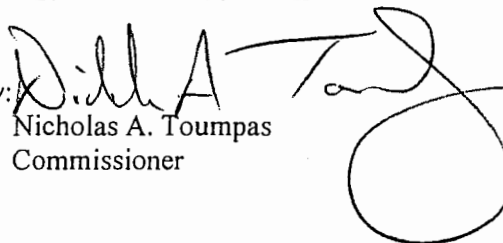
In the event that the Federal or Other Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner

SIGN HERE

NLR/df

RF / RFP CRITERIA	Max Pts	15	14.00	13.00	15.00	13.00	13.00	11.00	12.00	12.00	14.00	15.00	13.00	15.00	13.00	12.00	15.00	13.00	13.00	13.00
Experience and Capacity	15	14.00	13.00	15.00	13.00	13.00	13.00	11.00	12.00	12.00	14.00	15.00	13.00	15.00	13.00	12.00	15.00	13.00	13.00	13.00
Approach	50	42.00	46.00	48.00	48.00	47.00	47.00	39.00	41.00	46.00	46.00	40.00	43.00	48.00	45.00	42.00	48.00	38.00	42.00	27.00
Budget	25	24.00	25.00	25.00	24.00	23.00	20.00	18.00	23.00	22.00	18.00	25.00	19.00	24.00	16.00	22.00	22.00	23.00	23.00	16.00
Financial Sustainability	10	7.50	8.30	9.00	10.00	7.00	6.90	0.00	7.50	8.30	9.50	9.00	6.50	9.50	7.20	6.50	7.50	7.20	8.30	5.60
Total	100	88.00	92.00	97.00	97.00	90.00	86.00	70.00	82.00	84.00	88.00	89.00	82.00	97.00	81.00	83.00	93.00	81.00	87.00	53.00

BUDGET REQUEST	\$120,236	\$85,000	\$27,207	\$406,796	\$1,211,666	\$17,050	\$116,428	\$1,750,112	\$285,000	\$245,963	\$30,000	\$153,454	\$244,501	\$2,615,553	\$513,951	\$1,329,836	\$87,567	\$747,691	\$910,630
BUDGET AWARDED	\$56,803	\$74,408	\$28,922	\$322,530	\$1,510,589	\$25,338	\$169,711	\$1,256,945	\$225,250	\$189,576	\$17,114	\$97,819	\$199,015	\$1,457,490	\$432,263	\$1,329,836	\$75,013	\$611,907	\$0

Name	Job Title	Dept/Agency	Qualifications
1 Tyn Ronke	Sub. Use Disorders	Grantmaking/GC	Apprentices have
2 Pamela Sullivan	Youth Counselor	SYDC	between 3-20 years
3 Heidi Young	Program Specialist	DCYF	experience managing
4 Bernice Bluhm	Prog. Planner/Rev. Spec.	Family Services	agreements with
5 Alan West, Ph.D.	Psychologist/VA	TX/Co-occurring	vendors for various
6 Mary Miller	Prog. Spec. IV	OCPI	DHHS and DOC
7 Michelle Riccio	Prog. Spec. IV	DPHS	programs. Areas of
8 Kathleen Hessefort	Internal Auditor I	BDAS/FBO	specific expertise
9 Lindy Keller	Administrator I	BDAS-RAD	include Maternal and
10 Michael Lawless	Prog. Spec. IV	BDAS/CSU	Child Health;
11 Bruce Blaney	Regional Coordinator	BDAS-CSU	Substance Abuse
12 Jim Shanley	Administrator I	BDAS-FBOU	
13 Linda Parker	Prog. Spec. IV	BDAS-CSU	
14 Rosemary Shannon	Administrator I	BDAS-CSU	
15 Rob O'Hannon	ATR Prog. Spec.	BDAS/ATR	
16 Jaine Powers	Tx&Rec. Serv. Coord.	BDAS/ATR	
17 John Sweeney	Systems Dev.	BDAS/IT	
18 Michael Rodgers	Assistant Administrator	BDAS	
19 Jeffrey Metzger	Sr. Mngt. Analyst	BDAS/PSU	
20 Ann Crawford	Regional Coordinator	BDAS/PSU	
21 Valerie Morgan	Administrator I	BDAS/PSU	

RFP Reviewers



State of New Hampshire
Department of Health and Human Services
**Amendment #2 to the Substance Use Disorder Treatment and Recovery Support Services
Contract**

This 2nd Amendment to the Substance Use Disorder Treatment and Recovery Support Services contract (hereinafter referred to as "Amendment 2") dated this 15th day of May 2014, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and The Mental Health Center of Greater Manchester (hereinafter referred to as "the Contractor"), a non-profit corporation with a place of business at 401 Cypress Street, Manchester, NH 03103.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on June 20, 2012, (item # 109) and amended by an agreement (Amendment #1 to the Contract) approved on June 5, 2013, (Item # 102A), 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, the State may amend the Contract by written agreement of the parties; and;

WHEREAS, the parties agree to extend the current contract by one year.

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:

- 1) Amend Form P-37, Block 1.6 to read:
 - a) 05-95-49-491510-29890000-102-500734
 - b) 05-95-49-491510-29900000-102-500734
- 2) Amend Form P-37, Block 1.7 to read June 30, 2015.
- 3) Amend Form P-37, Block 1.8 to read \$81,342
- 4) Delete Exhibit A and replace with Exhibit A Amendment #2
- 5) Delete Exhibit B and replace with Exhibit B Amendment #2

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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,

5/20/14
Date

State of New Hampshire
Department of Health and Human Services

[Signature]
NAME
TITLE

The Mental Health Center of Greater Manchester

5/29/14
Date

[Signature]
NAME William Rider
TITLE Executive Vice President / Chief Operating Officer

Acknowledgement:

State of NH, County of Hillsborough on 5/29/14, 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]
Name and Title of Notary or Justice of the Peace

JOANNE C. DUCLOS, Notary Public
My Commission Expires September 18, 2016

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

OFFICE OF THE ATTORNEY GENERAL

6-2-14
Date

Rosemary Wiant
Name: Rosemary Wiant
Title: Assistant Attorney General

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:

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



Exhibit A Amendment #2

Scope of Services

A. Population Served

Services are available to New Hampshire residents who meet diagnostic, financial, and other eligibility criteria for Department of Health and Human Services supported substance use disorder services as defined in Section C, Clients Eligible for Treatment Services.

B. The Contractor shall provide treatment services as identified below:

Service Table - An "X" denotes that the Contractor shall provide that service(s) to eligible individuals in accordance with all applicable laws, rules, and regulations and terms and conditions of this Agreement.

Required Services	Treatment Services
X	Outpatient Treatment (ASAM Level 1) - Substance abuse treatment services provided in individual and group counseling sessions in a non-residential setting. Clients may be enrolled in outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Outpatient Treatment (ASAM Level 1) – Pregnant & Parenting Women – Outpatient Treatment as identified above provided to pregnant & parenting women.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – A combination of individual and group substance abuse treatment services conducted in an outpatient setting for a minimum of 3 hours of direct client treatment services per day for a minimum of three days per week. Clients receiving less than this level of service should be enrolled in an outpatient program. Clients may be enrolled in intensive outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – Pregnant & Parenting Women - Intensive Outpatient Treatment as identified above provided to pregnant & parenting women.
	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Residential substance abuse treatment services are designed to support individuals in the early stages of recovery that need this residential level of care and/or are homeless. The goal of these programs is to prepare clients to become self-sufficient in the community. Clients may be enrolled in low-intensity residential treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days. Residents typically work in the community and may pay a portion of their room and board.
	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Pregnant Women - Low-Intensity Residential Treatment as identified above provided to

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



Exhibit A Amendment #2

	pregnant & parenting women.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Short-term residential substance abuse treatment designed to assist individuals who require a more intensive level of service in a structured setting and/or individuals that may be homeless. Admission is on a voluntary basis. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Pregnant Women - High-Intensity Residential – Adult and Medium Intensity Residential – Adolescent as identified above provided to pregnant women.
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5) - Residential treatment services for pregnant and parenting women and their children. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Recovery Support Services: Group or individual services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Examples of recovery support services include, but are not limited to: assisting clients with enrollment in Medicaid, the New Hampshire Health Protection Program (NHHPP), or private insurance, anger management, financial management, communication skills, spiritual support, parenting skills, health management, case management, organization and time management, recovery coaching, recovery mentoring, stress management, and vocational services. Programs may focus on a single recovery support service or provide a curriculum that includes an array of recovery support services. Types of Recovery Support Services are listed below:
X	Continuous recovery monitoring services are regular follow-ups with clients to assess the status of the client's recovery, identify any needs the client may have and help the client to address those needs, and provide early intervention for client's who have relapsed or who's recovery is otherwise at risk.
	Enhanced Services are specialized services that remove barriers to a client's participation in treatment. Examples of these services are child care while a parent is participating in treatment or transportation to and/or from the treatment site.
X	Recovery Support Services as identified above provided to pregnant & parenting women.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

C. Required Services

Priority Admission:

- 1) The Contractor shall give admission preference to pregnant women and women with dependent children, even if the children are not in their custody, as long as parental rights have not been terminated, including the provision of interim services within the required 48 hour time frame.
- 2) Individuals with a history of injection drug use including the provision of interim services within 14 days.
- 3) Individuals with a primary diagnosis of a substance use disorder, which may also include a co-occurring mental health disorder.
- 4) Individuals on medication-assisted treatment for co-occurring substance abuse and mental health disorders or various opiate replacement therapies, including, but not limited to, methadone, buprenorphine and naltrexone.

Required Outreach:

New Hampshire Department of Health & Human Services (DHHS) programs receiving federal treatment Block Grant funds requires that Contractors must publicize services available to pregnant or parenting women and injection drug users in need of substance abuse treatment and that these individuals receive preference for admission to treatment. This may be done as follows, but is not limited to, street outreach programs, ongoing public service announcements (radio/television), regular advertisements in local/regional print media, posters placed in targeted areas, and frequent notification of availability of such treatment distributed to the network of community based organizations, health care providers and social service agencies. The Contractor will submit their outreach plans to DHHS through the Bureau of Drug and Alcohol Services (BDAS) within 60 days of contract effective date.

Health Facilities Administration Licensing Requirements:

Housing programs with substance abuse treatment services at the same location will need to secure necessary licensing as a Residential Rehabilitation Facility by the DHHS Bureau of Health Facilities Administration, as appropriate, see He-P 807 at the following link: (http://www.gencourt.state.nh.us/rules/state_agencies/he-p800.html). Any contractor with an American Society of Addiction Medicine (ASAM) (October 2013) Level 3.3 or higher level program must secure this licensing for all Level 3 programs housed within the same facility as the Level 3.3 program. In the case of residential treatment and housing at the same site, residential programs should plan to treat no more than 16 pregnant or parenting women at any given time to comply with federal Medicaid restrictions on Institute for Mental Diseases (IMD) exclusion criteria. This restriction would not apply to programs in which the client's residence is in a separate location from the treatment program.

Capacity Reporting:

The Contractor must contact BDAS, as agent for DHHS, when their capacity has reached 90% within 5 business days. The Contractor must refer pregnant women to the State when the Contractor has insufficient capacity to provide services to any such pregnant women who seek the services of the program. Sending e-mail to the BDAS Clinical Services Unit Administrator may complete this notification process.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

Access to Services:

The Contractor shall respond to calls requesting treatment and/or transitional living program services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within 2 business days following the day the call was received.

The Contractor is required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.

Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client should be referred to a DHHS funded provider where they are able to access interim services.

Contractors receiving grant funds from DHHS will not discriminate against clients who are using legitimate medications to assist their recovery and will not have policies that allow them to refuse admission to treatment or to discharge clients from treatment based on the use of appropriately prescribed medications and various opiate replacement therapies, including, but not limited to, methadone and buprenorphine, as well as other forms of medication-assisted treatment for co-occurring substance abuse and mental health disorders.

Clients Eligible for Treatment Services:

In order to be eligible for DHHS supported services, a client must meet all eligibility criteria described below. Eligibility determination shall be conducted as follows:

1. Substance Use Disorder, Financial Eligibility & Residency Screening: The contractor shall complete the eligibility screening module in the Web Information Technology System (WITS) to determine if the client meets residency, financial, and substance use disorder potential eligibility requirements:
 - a. Residency: The client must be a resident of New Hampshire or homeless in New Hampshire to be eligible for DHHS supported services; and
 - b. Financial Eligibility: The client's income must be below 400% of Federal Poverty Level (FPL) to be eligible for DHHS supported services based on the sliding fee scale described below. Once the screening has been completed, the contractor shall print the associated attestation and have the client sign this document. A copy of the signed attestation shall be maintained in the client file. The client's financial eligibility shall be reassessed no less than every 120 days; and
 - c. Potential for a Substance Use Disorder: The client must screen positive for a potential substance use disorder to be eligible for DHHS funded services.
2. Evaluation: The contractor shall conduct a full substance abuse evaluation, which includes administration of either the Addiction Severity Index (ASI) in WITS or Global Appraisal of Individual Needs (GAIN).
 - a. Substance Use Disorder: This evaluation shall be used to determine if the client meets Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM5) criteria for a substance use disorder. Clients who meet DSM5 criteria for a substance use disorder are eligible for DHHS funded services. Client who do not meet these criteria are not eligible for DHHS funded services.



Exhibit A Amendment #2

- b. Level of Care: For clients who have met all other eligibility requirements, this evaluation shall be used to determine the appropriate level of care for the client based on ASAM (October 2013) criteria. The client is eligible for DHHS funded services at the assessed level of care unless such a level of care is unavailable or the client chooses to enter a lower level of care. If the assessed level of care is unavailable, the client may choose to enter the next higher level of care.
3. Medicaid/NHHPP Eligibility: The contractor shall determine whether or not the client is eligible for Medicaid/NHHPP coverage for the identified level of care. If the client is not eligible for Medicaid/NHHPP coverage for the identified level of care, the client may be eligible for DHHS funded services. If the client is eligible for Medicaid/NHHPP coverage for the identified level of care, the client is not eligible for DHHS funded services.
4. Insurance Coverage: The contractor shall determine whether or not the client has insurance that will cover services at the identified level of care. If the client does not have insurance that will reimburse for these services at a rate equal to or greater than the DHHS rate, the client is eligible for DHHS funded services. If the client has insurance that will reimburse for these services at an amount equal or greater to the DHHS reimbursement rate, the client is not eligible for DHHS funded services. The contractor may not charge the combination of the client, any 3rd party payor, and DHHS more than the maximum charge allowed. These parties shall be charged in the following order:
 - a. The maximum allowed charge will be billed to the client's insurer, if applicable.
 - b. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
 - c. The balance of the maximum allowed charge after deducting the client's portion and the insurance payment, if applicable, shall be charged to DHHS.

Sliding Fee Scale:

The contractor shall not charge the combination of the client, any 3rd party payor and BDAS an amount greater than the maximum rate allowed for each service. All reasonable efforts shall be made to collect payment of bills. A client's inability to pay shall not preclude admission to the program and treatment.

- Client Income is 0% - 138% of FPL: 100% of the allowed charge less any amount paid for by insurance.
- Client Income is 139% - 149% of FPL: 92% of the allowed charge less any amount paid for by insurance.
- Client Income is 150% - 199% of FPL: 88% of the allowed charge less any amount paid for by insurance.
- Client Income is 200% - 249% of FPL: 75% of the allowed charge less any amount paid for by insurance.
- Client Income is 250% - 299% of FPL: 60% of the allowed charge less any amount paid for by insurance.
- Client Income is 300% - 349% of FPL: 43% of the allowed charge less any amount paid for by insurance.
- Client Income is 350% - 399% of FPL: 33% of the allowed charge less any amount paid for by insurance.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

With respect to minority age individuals, a minor child shall not be denied services as a result of the parent's unwillingness to pay the fee or the minor child's decision to receive confidential services pursuant to RSA 318-B:12-a.

Waiting List Management:

When a person who is pregnant or an injection substance abuser seeks treatment and there are no appropriate treatment services available within the required time frame as outlined below, interim services **must** be made available. The Contractor agrees to maintain the wait list management system in WITS that includes a unique patient identifier and include information on dates of requests for admission to treatment, provision of interim services and source for those services, referrals made for treatment or interim services, and disposition of clients on the waiting list.

- The waiting list must contain a mechanism that identifies and counts the number of applicants who present and are determined to be appropriate for substance abuse treatment but are unable to be placed as there is no capacity;
- Maintain contact with individuals awaiting admission; and,
- Admit or transfer waiting list clients at the earliest possible time to an appropriate treatment program within a reasonable geographic area.

The Contractor shall remove a client awaiting treatment from the waiting list only when one of the following conditions exists:

- Such persons cannot be located for admission into treatment *or*
- Such persons refuse treatment.

Specific Interim Services for Pregnant Women, Women with Dependent Children and Injection Drug Users:

The Contractor agrees to contact the BDAS Clinical Services Unit if a pregnant women and women with dependent children or individuals with a history of injection drug use, cannot be accepted into treatment within specific time frames, and agrees that interim services will be provided or facilitated by the Contractor. Interim services for pregnant women must include counseling on the effects of alcohol and drug use on the fetus, referrals for prenatal care, and counseling and education about HIV and tuberculosis. Interim services for injection drug users must also include counseling and education in the risks of needle sharing, about the risks of transmission to sexual partners and infants, and referral for HIV, Hepatitis C and tuberculosis screening/testing. All interim services shall be documented in the client's clinical record in the WITS system.

Interim Services for other Clients:

The Contractor shall provide, or refer the client to, interim services until level of service identified in the level of care assessment is available and/or the client is willing and assessed as being sufficiently motivated to take advantage of the proposed level of service or interim services. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client shall be referred to a DHHS funded provider where they are able to access interim services.

Services to pregnant and parenting women:

The Contractor further agrees that childcare will be made available to women who are in treatment with their dependent children, either through on-site care or through arrangements with an off-site legal childcare provider. Other services required are as follows:



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- The family is treated as a unit and, therefore, admits both women and their children into treatment services, if appropriate.
- The Contractor shall provide or arrange for primary medical care for women who are receiving substance abuse services, including prenatal care.
- The Contractor shall provide or arrange for childcare while the women are receiving services even if the children are not in their custody, as long as parental rights have not been terminated.
- The Contractor shall provide or arrange for primary pediatric care for the women's children, including immunizations.
- The Contractor shall provide or arrange for gender-specific substance abuse treatment and other therapeutic interventions for women that may address issues of relationships, sexual abuse, physical abuse, and parenting, and childcare while the women are receiving these services.
- The Contractor shall provide or arrange for therapeutic interventions for children in custody of women in treatment, which may, among other things, address the children's developmental needs, their issues of sexual and physical abuse, and neglect.
- The Contractor shall provide or arrange for sufficient case management and transportation services to ensure that the women and their children have access to the services provided for above.
- If a pregnant, pregnant injection drug using or Injection Drug Using person refuses treatment or says (s)he is not interested in treatment, the wait list report shall be completed with the engagement activities attempted.
- If a pregnant, pregnant injection drug using or Injection Drug Using person no shows or cancels treatment, interim services must be provided, as stipulated above and the wait list report shall be completed that demonstrates the activities of follow up, engagement and substance abuse treatment services offered.

Relationship(s) with Primary Health Care:

The Contractor shall arrange and coordinate services and exchange of information with other health care providers and agencies which:

- Identifies the client's current Primary Care Provider (PCP) at screening and/or intake.
- If the client has no current PCP, the Contractor shall identify available provider(s) in the client's local area such as a federally qualified community health center, community health center, or other local health services.
- Obtains client/patient authorization to communicate with PCP office.
- If no authorization is completed initially, the Contractor shall educate client as to the importance of engaging the PCP in ongoing care and address the client's concerns as part of treatment, with goal of obtaining authorization before discharge.
- Sends the discharge summary to PCP and offers to discuss recovery issues with the provider.
- Arranges (or has the client arrange) a post-discharge appointment with PCP for the client/patient for follow-up of the substance use disorder.

Tobacco Cessation:

The Contractor shall have policies and procedures for both client and Contractor staff, that not only creates a tobacco-free environment as required by law, but to offer tobacco cessation tools and programming. Tobacco use, in and of itself, shall not be grounds for administrative discharge from the program. Initially, all clients shall be assessed for motivation in stopping the use of tobacco products. Providers may tap into resources such as the DPHS Tobacco Prevention & Control Program (TPCP) and

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the certified tobacco cessation counselors available through the QuitLine. Other resources for providers include:

Breathe New Hampshire
145 Hollis St., Unit C
Manchester, NH 03101
603-669-2411 (phone) or 1-800-835-8647

The New Hampshire Medicaid program covers:

- Nicotine Replacement Therapy (NRT) Gum,
 - NRT Patch,
 - NRT Nasal Spray,
 - NRT Lozenge,
 - NRT Inhaler,
 - Varenicline (Chantix),
 - Bupropion (Zyban),
 - Group Counseling and/or
 - Individual Counseling. Up to 12 individual counseling sessions are covered per year through a mental health provider (Note: These sessions would NOT be in addition to other mental health counseling sessions under Medicaid). Pregnant women also have the option of group counseling.
- For more information, visit the website at:
<http://www.dhhs.state.nh.us/DHHS/MEDICAIDPROGRAM/default.htm>

Tuberculosis:

The Contractor shall make available tuberculosis services (defined as screening, counseling, testing, and treatment) directly, or through other providers, to each client receiving treatment. In the case of an individual denied admission due to lack of capacity, the substance abuse treatment Contractor will refer the individual to another provider of tuberculosis services if appropriate. All Contractor providing residential services shall make available, either on-site or through agreements with health care providers, tuberculosis services, including screening, testing, counseling and referral for medical treatment.

Physical location and facilities:

For the purpose of providing the services described in Section II of the Scope of Services, the Contractor shall obtain and maintain a suitable space complying with all fire, health, and safety codes to include handicapped accessibility and being wheelchair accessible.

The Contractor shall obtain written prior approval of DHHS, acting through BDAS, before entering into any agreement concerning relocation of the service site.

Culturally and Linguistically Appropriate Standards of Care:

DHHS recognizes that culture and language have considerable impact on how consumers access services. Culturally and linguistically diverse populations experience barriers in efforts to access services. To ensure equal access to quality services, DHHS expects that Contractors shall provide culturally and linguistically appropriate services according to the following guidelines:

1. Assess the ethnic/cultural needs, resources and assets of their community.
2. Promote the knowledge and skills necessary for staff to work effectively with consumers with respect to their culturally and linguistically diverse environment.

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3. When feasible and appropriate, provide clients of Limited English Proficiency (LEP) with interpretation services. Persons of LEP are defined as those who do not speak English as their primary language and whose skills in listening to, speaking, or reading English are such that they are unable to adequately understand and participate in the care or in the services provided to them without language assistance.
4. The Contractor is responsible for reasonable accommodations in arranging for interpreter services for hearing impaired clients.
5. The Contractor offers consumers or clients a forum through which those individuals have the opportunity to provide feedback to the Contractor regarding cultural and linguistic issues that may deserve response.

Compliance with State and Federal Laws:

The Contractor is responsible for compliance with all relevant state and federal laws. Special attention is called to the following statutory responsibilities:

1. All services provided pursuant to this Contract shall be subject to the most current proposed or formalized rules and regulations promulgated by DHHS, pursuant to RSA 541-A.
2. The Contractor shall maintain adherence to federal and state confidentiality laws specifically: 42 CFR Part 2B, N.H. RSA 318 B:12 and N.H. RSA 172:8-A and the Health Insurance Portability and Accountability Act (HIPAA): <http://www.hhs.gov/ocr/privacy/>
3. The Contractor shall meet the standards outlined in NH Administrative Rule He-A 300, Certification and Operation of Alcohol and other Drug Disorder Treatment Programs. This administrative rule is currently expired and under revision. The Contractor should plan to meet the requirements as outlined in the expired rule until the revisions are completed. He-A 300 can be viewed on the RFP link to this document <http://www.dhhs.nh.gov/business/rfp/index.htm>.
4. The Contractor shall, upon the direction of the State, provide court-ordered evaluation in their catchment area and a sliding scale fee shall apply and the inability to pay shall not interfere with the completion and submission of the court-ordered evaluation and shall, upon the direction of the State, offer treatment to those individuals pursuant to RSA 172:13.
5. Contractors considering research, including research conducted by student interns, using individuals served by this contract as subjects must adhere to the legal requirements governing human subjects' research. Contractors must inform the DHHS via contact with BDAS prior to initiating any research involving subjects or participants related to this contract. In addition, research conducted on subjects served by this contract may need to be approved by the New Hampshire Department of Health & Human Services Committee for the Protection of Human Subjects (NH DHHS CPHS) see <http://www.dhhs.nh.gov/irb/>

Client Stabilization:

The Contractor will be expected to arrange for medical clearance for all clients receiving treatment services supported by DHHS administered by BDAS to assure that they are not at risk for acute withdrawal from alcohol and certain drugs. The Contractor shall be expected to provide a range of integrated services that include withdrawal management services that follow detoxification guidelines outlined in Treatment Improvement Protocol (TIP) #45, Detoxification and Substance Abuse Treatment and ASAM guidelines.

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Clinical Services:

The Contractor shall provide the following:

- a. A minimum of one (1) substance abuse counselor on site each day of the week during primary treatment hours. The substance abuse counselor shall have a bachelor's degree or equivalent in social work/psychology, guidance or nursing and/or a certificate in the field of addiction studies from an approved educational institution or educational/life experience.
- b. A minimum of one (1) substance abuse support staff on site each day of the week during all hours not covered by a substance abuse counselor. The substance abuse support staff must have a high school or General Equivalency Diploma (GED). Preference is given to individuals who have completed additional courses or taken training in substance use disorders or other health fields.
- c. An intake/admission coordinator on site Monday through Friday of each week. The intake/admission coordinator shall have one (1) years' work experience in the field of addiction studies.
- d. A full-time Executive Director, not filling any of the positions described above.

Evaluation:

The contractor shall conduct a full substance abuse evaluation, which includes administration of either the ASI or GAIN to determine eligibility for services. This evaluation must be updated every 120 days or when the client transitions to a different level of care.

Assessment of Risk for Self-Harm/Suicide: The Contractor shall have policies and practices for assessing risk of self-harm at all phases of treatment, such as at initial contact, during screening, intake, admission, on-going treatment services and at discharge, and a process for referral when necessary to include referrals to mental health services.

The Contractor shall develop policies, programs and protocols in accordance with SAMHSA guidelines as outlined in the Treatment Improvement Protocols (TIPs) and Technical Assistance Publications (TAPs). These publications can be downloaded from <http://www.kap.samhsa.gov/products/manuals/index.htm>.

Use of Best Practices: The Contractor is required to use the Addiction Severity Index (ASI) or Global Appraisal of Individual Needs (GAIN) assessment tools, the SAMHSA/NIDA MATRS treatment-planning model and the WITS electronic case management system.

Care Coordination:

The Contractor is required to assess each client's need/appropriateness for residential transitional living services and to refer all clients for care coordination services made available through the Access to Recovery (ATR) initiative administered by the BDAS so long as this initiative remains available on behalf of DHHS that would commence following the initial course of treatment. Contractors are required to address motivational issues with clients for them to participate effectively in the care coordination and recovery support services. Contractors are required to have clients sign the "ATR Client Participation Agreement" (made available by BDAS), indicating that they either agree or opt out of participating in these services. The contractor will facilitate all clients who agree to participate in these services to complete the Client Participation Agreement and upon obtaining a signed release of information, refer clients to an ATR Care Coordinator Program at least two weeks prior to anticipated date of discharge (dis-enrollment) from services. Assessing the need for aftercare services is expected to take place while

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the client is involved within the most recent episode of care, with a referral being made and accepted by the care coordination service prior to the client being discharged.

The Contractor must provide the following for use by the care coordination program:

- Private space for interviewing/meeting with clients.
- Access to internet (either wired or wireless) in the meeting space
- Telephone in the meeting space and
- A contact person at the Contractor's site for logistics.

It is the expectation of the BDAS at DHHS that, upon completion of appropriate signed releases, the Contractor will provide the care coordination program with necessary information from the clinical record (evaluation, treatment plan, progress notes, etc.) for the care coordination program to develop a service plan with the client.

All alcohol and other drug treatment providers under contract with the BDAS on behalf of DHHS are required to address with all clients, the need for continuing services. This includes clinically managed low-intensity treatment programs under contract with the BDAS on behalf of DHHS as well as care coordination and recovery support services made available through DHHS contracted providers; the ATR initiative administered by BDAS, so long as this initiative remains available; and/or any other resources that become available to pay for these services that would commence following the initial course of treatment. The referral for these services should take place prior to discharge from the initial course of treatment.

Relevant Policies and Guidelines:

The services provided for in this agreement shall be in addition to the services provided for in any other agreement between the State of New Hampshire, any of its agencies, or any of its officers, and the Contractor.

Without limiting the generality of any other provisions of this agreement, the Contractor shall cooperate fully with, and answer all questions of representatives of the State conducting any periodic or special review of the performance of the Contractor or any inspection of the facilities of the Contractor.

Publications Funded Under Contract:

All products produced under this contract are in the public domain. All products (written, video, audio) produced, reproduced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution, or use. The Contract shall credit DHHS on all materials produced under this contract.

Student Internships:

The Contractor shall establish policies and procedures related to student interns that address minimum coursework, experience and core competencies for those interns having direct contact with individuals served by this contract. Student interns shall complete an approved ethics course prior to beginning the internship.

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Staff Licensing Requirements:

The ratio of licensed to non-licensed service providers shall be as follows:

Agencies must have at least one Licensed, or Masters Licensed, Alcohol and Drug Counselor (LADC/MLADC) for each two unlicensed counselors providing substance abuse treatment services and a sufficient number of MLADCs or LADCs with the Licensed Clinical Supervision (LCS) credential to adequately provide for clinical supervision of all clinical staff. This requirement shall be met by the Contractor no later than six (6) months after the date of the Contract effective date.

Updated resumes, which clearly indicate the staff member is employed by the Contractor, including current positions of staff supported by funds provided through this Contract, shall be forwarded to the BDAS as agent for DHHS. The documentation shall include a copy of the New Hampshire Alcohol and Drug Counselor License.

Staff Certification Requirements:

In addition to the requirements for LADCs, all Contractor milieu staff in residential settings and transitional living programs and staff providing recovery support aftercare group services shall be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification under RSA 330-C (<http://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XXX-330-C.htm>). Certification must be completed within six (6) months of the contract's approval date.

Staff providing recovery support services are expected to be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification. Peer recovery support services made available through Recovery Community Organizations (RCOs), under agreement with BDAS on behalf of DHHS, shall be provided by individuals certified by those organizations (CRSW not required for peer recovery support services).

Supervision:

Ongoing clinical supervision will include weekly discussion of cases with suggestions for resources or therapeutic approaches, co-therapy, and periodic assessment of progress. When enough candidates are under supervision, group supervision may be included to help optimize the learning experience.

The content of supervision must include knowledge, skills, values, and ethics with specific application to the practice issues faced by the supervisee, including the core functions as described in the Twelve Core Functions of Alcohol and Drug Counseling.

The content of supervision must also include the standards of practice and ethical conduct, with particular emphasis given to the counselor's role and appropriate responsibilities, professional boundaries, and power dynamics.

Staffing Changes:

BDAS as agent for DHHS shall be notified of changes in key personnel with updated resumes that clearly indicate the staff member is employed by the Contractor submitted within five (5) working days. Key personnel are those staff for whom at least 10% of their work time is spent providing alcohol or other drug abuse treatment services.

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1. New Hires: The Contractor shall notify BDAS on behalf of DHHS in writing within one month of hire when a new administrator or coordinator or any staff person essential to carrying out this scope of services is hired to work in the program. A resume of the employee, which clearly indicates the staff member is employed by the Contractor, shall accompany this notification.

2. Vacancies: The Contractor shall notify BDAS on behalf of DHHS in writing within 14 calendar days, if at any time, any site funded under this agreement does not have adequate staffing to perform all required services for more than one month.

Other Requirements:

The Contractor shall attend trainings and/or meetings as requested by DHHS.

ATR and Recovery Support Services:

All DHHS funded treatment and recovery support service providers must also be approved Access to Recovery (ATR) providers, so long as the ATR initiative remains available, as this will be the source of funding for these recovery support services through the Voucher Management System (VMS). Information on becoming an ATR provider can be found on the DHHS website: <http://www.dhhs.nh.gov/dcbcs/bdas/atr/becomingprovider.htm>

Regional Network Participation:

The Contractor will designate administrative level staff to regularly participate in the Regional Network and contribute to overall regional network strategic planning, monitoring, evaluation, and cross systems communication efforts. The Contractor is highly encouraged to serve on one of the work groups and contribute to data collection, regional strategic planning and evaluation. Participation will be measured by the annual Partner Survey (<http://www.partnertool.net/>) administered by NH Center for Excellence under contract with BDAS as agent for DHHS.

Performance Measures:

All treatment programs under contract with BDAS on behalf of DHHS are required to report on the National Outcome Measures (NOMs) established by the SAMHSA, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the WITS (electronic case management) system. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions.

Data and Reporting Requirements:

1. Without limiting the generality of any other provisions of this agreement, the Contractor shall provide any periodic or special reports required by the DHHS.
2. The Contractor shall notify BDAS, as an authorized agent of DHHS, whenever the Contractor has reached ninety percent capacity to admit new clients. In addition the Contractor shall have a waiting list management policy in accordance with the SAPT Block Grant requirements. This 90% notification process will become automatic when this operation is fully functional in WITS.
3. The Contractor shall notify DHHS through BDAS, within one working day, if sufficient capacity is not available to provide treatment services to a pregnant woman, parenting woman or injection drug user within the required time frames and a referral elsewhere is not successful and interim services cannot be provided.

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4. The Contractor shall comply with all research and/or information systems development activities for the electronic case management/Web Information Technology System (CM/WITS) conducted by, or authorized by, DHHS.
5. The Contractor shall administer any client surveys, client evaluations including the addiction Severity Index (ASI) or the Global Appraisal of Individual Needs (GAIN), client treatment outcome instruments, the M.A.T.R.S. Treatment Planning Tool, as required by DHHS.
6. The Contractor must have the ability to communicate and submit required reports via the Web-based submission system and/or e-mail, for treatment s and recovery support services and interim services. All required clinical and documentation activities shall be entered in WITS unless specifically granted an exception by BDAS on behalf of DHHS.

Critical Incident/Sentinel Event Reporting:

The Department's Sentinel Event policy is contained in the following link:
<http://www.dhhs.nh.gov/dcbcs/sentinel.htm>

Division of Community Based Care Services (DCBCS) Sentinel Event Notification:

The preceding events require the immediate verbal notification to the BDAS Assistant Administrator or Clinical Services Unit Administrator upon the discovery of a sentinel event involving an individual(s) receiving services through a DHHS substance use disorder treatment Contractor.

Since the initial and immediate verbal notification of a sentinel event is likely to include protected health information (PHI) as identified below, the Contractor of services to individuals receiving services funded by the DHHS shall disclose PHI in a private and secure manner. Contractors and vendors should not leave voice-mail messages, but instead make direct telephone contact with the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee. If direct telephone contact is not possible, a voice mail message may be left without protected health information, such as medications and relevant medical and psychiatric diagnoses. As soon as possible after the initial verbal notification, the Contractor will mail or fax a completed *Sentinel Event Reporting Form* as directed in this protocol.

Notification shall include the following:

1. Name and phone number of the individual reporting.
2. Name, date of birth (DOB), medications and all relevant medical and psychiatric diagnoses of individual(s) involved;
3. Location, date, and time of event;
4. Description of the event including what, when, where, how, and other relevant information and identification of any other individuals involved;
5. Legal status of the individual involved with regard to guardianship and power of attorney;
6. Community, guardian, family and/or families' knowledge of the event; and
7. Contractor contact person and contact information.

It shall be the responsibility of the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee to notify the DCBCS Quality Improvement Director by e-mail as soon as the BDAS Clinical Administrator or designee becomes aware a Sentinel Event has occurred. The DCBCS Quality Improvement Director shall make immediate notification to the Commissioner. Internal e-mails within the Department may contain PHI and all Department employees will utilize safeguards to ensure the privacy

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of the PHI as stated in the DHHS General Manual Health Insurance Portability and Accountability Act (HIPAA) policy #504.

Each DCBCS contractor recognizes its responsibility to report evidence of neglect, abuse or exploitation to the appropriate regulatory agencies as required by RSA 161-F: 42-57 and RSA 169-C:29. In any case of known or suspected neglect, abuse or exploitation, the Contractor aware of the situation shall follow all applicable rules relative to individual rights protection procedures.

Written follow up information is to be forwarded by the reporting Contractor to the appropriate BDAS Administrator listed below within 72 hours by completing the *Sentinel Event Reporting Form*. To protect clients' confidential information, reporting Contractors should submit the *Sentinel Event Reporting Form* either by fax to the BDAS Assistant Administrator or the BDAS Clinical Services Unit Administrator by a mail service that provides delivery confirmation.

Bureau of Drug and Alcohol Services
Assistant Administrator
105 Pleasant Street
Concord, NH 03301
Or by fax to the BDAS Administrator's Office at 271-6105;

Follow-up information is the responsibility of the Contractor and should be submitted in a way as to protect clients' confidential information such as by mail with delivery confirmation and should include:

1. The *Sentinel Event Reporting Form*(www.dhhs.nh.gov/dcbcs/documents/sentinelform.pdf);
2. Additional details as they are learned or if the status of the situation changes; and,
3. Copies of newspaper articles.

Additionally, DHHS requires critical incident reporting. The Contractor shall report all critical incidents/sentinel events to the BDAS Clinical Services Unit Administrator immediately via telephone. Every effort shall be made to reach the BDAS administrator directly. If a voice message is necessary, sufficient provider contact information shall be provided so that DHHS is able to reach the reporter, or other responsible staff, immediately.

A critical incident includes, but is not limited to, any child or adult protective services report to the Division of Children, Youth and Families (DCYF), or the Bureau of Elderly and Adult Services (BEAS), respectively, regarding any incident involving 1) a staff/employee to youth or client, 2) youth to youth, or 3) client to client. This includes incidents that occur while a client is on leave, or on a pass, from the Contractor and may be off site at the time the incident occurred.

A sentinel event is an unexpected occurrence involving the death or serious physical or psychological injury, or risk thereof, signaling the need for immediate investigation and response.

Death or any serious injury or medical emergency regarding staff or clients that requires emergency medical attention (EMT or other emergency personnel at the Contractor's site, or a hospital emergency room visit), or any crime reportable to law enforcement, or any other serious incident must also be reported to DHHS as described below.

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Reportable sentinel events include, but are not limited to, any occurrence that meets any of the following criteria:

1. An unanticipated death or permanent loss of function, not related to the natural course of an individual's illness or underlying condition.
2. Homicide or suicide of any individual receiving DHHS funded care, treatment or services, that had been discharged from a Department funded program or facility within 30 days of the event, or has been evaluated by a service Contractor within the preceding 30 days;
3. Sexual assault or rape of any individual receiving DHHS funded care, treatment or services by another client or employee of any Department funded program or facility where there is an act that was witnessed or there is sufficient clinical evidence obtained by the Contractor to support allegation of nonconsensual sexual contact.
4. Unauthorized departure of an individual receiving DHHS funded services, from a facility providing care, resulting in death or permanent loss of function.
5. Medication error that results in death, paralysis, coma, or other permanent loss of function.
6. Delay or failure to provide DHHS funded Contractor services that result in death or permanent loss of function.
7. Abuse as a result of the willful infliction of injury, unreasonable confinement, intimidation, or punishment with resulting physical harm, or mental anguish. This includes staff neglect or indifference to infliction of injury or intimidation of one individual by another.
8. Neglect as a result of the failure to provide the goods and services necessary to avoid physical harm, mental anguish or mental illness.
9. Assault of or by a client of the Contractor that results in the injury of the person or another person of such severity that medical attention is required.
10. Arson resulting in property loss.
11. High profile events, which may include media coverage and/or police involvement.

On-Site Reviews:

1. The Contractor shall allow a team or person authorized by DHHS to periodically review the Contractor's systems of governance, administration, data collection and submission, clinical, and financial management in order to assure systems are adequate to provide the contracted services.
2. Reviews shall include, but not be limited to, client record reviews to measure compliance with this exhibit.
3. The Contractor shall make corrective actions as advised by the review team if contracted services are not found to be provided in accordance with this exhibit.
4. DHHS staff shall contact the Contractor in advance of the site visit, so that the Contractor shall have sufficient time to prepare any guidance/reporting systems or logs that will be reviewed at the site visit.

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Exhibit B Amendment #2

Method and Conditions Precedent to Payment

The State shall pay the Contractor an amount not to exceed the Price Limitation, block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services, and in accordance with Exhibit B.

Funding for this Agreement is funded by various sources as a percentage of the total amount of \$27,114 as follows:

- 46 % Federal Funds from the Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant (CFDA #93.959);
- 22 % General Governor's Commission on Alcohol and Drug Abuse Prevention, Intervention and Treatment Funds; and
- 32 % General funds.

I. Payment Methodology

The Contractor shall be reimbursed for providing and delivering the services listed in Exhibit A, paragraph B. The following terms and conditions detailed in this Exhibit B shall apply to all services unless expressly stated otherwise.

The Contractor shall agree to use and apply all contract funds from the State for costs and expenses as detailed in the Service Reimbursement Table below. Allowable costs and expenses shall be determined by the State in accordance with applicable state and federal laws and regulations. Starting in State Fiscal Year 2015 (effective July 1, 2014) the contractor will receive a payment for each service at the rates and within the limits described below. For clients receiving DHHS supported services, the contractor may not charge the client, any 3rd party payor, and DHHS a combined rate that is more than the rate established by BDAS for that level of service or any other fees. These parties shall be charged in the following order:

1. The maximum allowed charge will be billed to the client's insurer, if applicable.
2. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
3. The balance of the maximum allowed charge, after deducting the client's portion and insurance payment, if applicable, shall be charged to DHHS.

Service Reimbursement Table - A check mark indicates the services and corresponding rates the Contractor will be reimbursed for.

Check mark indicates applicable service	Service	DHHS Established Rate	Service Limit
X	Evaluation	\$225	1 every 90 days
X	Outpatient – Individual	\$18.75/unit***	\$190 of combined individual & group/week
X	Outpatient – Group	\$5.00/unit	
X	Intensive Outpatient*	\$80.00/day	\$320 (4 days)/week
	Low-Intensity Residential – Adult	\$100.00/day	\$700 (7 days) /week

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	Low-Intensity Residential – Adolescent	\$128.00/day	\$896 (7 days) /week
	High-Intensity Residential – Adult	\$130.00/day	\$910 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Room & Board Only	\$66.00/day	\$462 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Clinical Services	\$162.60/day	\$1138.20 (7 days) /week
	Medium Intensity Residential – Adolescent	\$170.00/day	\$1190 (7 days) /week
	Recovery Support Services		
X	Individual	\$15.00/unit	\$160 of combined individual & group/week
X	Group	\$5.00/unit	
X	Continuous Recovery Monitoring – Attempted**	\$15.00/contact	\$60 of combined attempted and completed/month for the first 6 months post discharge
X	Continuous Recovery Monitoring – Completed	\$15.00/contact	
	Enhanced Services	Varied	

* Providers may bill the per diem rate for Intensive Outpatient Treatment services only on those days when the client attends individual and/or group counseling associated with the program. It is expected that each day of attendance includes a minimum of 3 hours of group and/or individual counseling services.

**Attempted Contact is at least 3 attempts to contact a client over the course of at least one week.

*** A unit is equal to 15 minutes of service

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. Failure to meet this requirement may result in amendment to or termination of the contract. At a minimum, contractors must provide the array of services they contracted to provide for in SFY14.

1. Performance Incentives:

A. Access to Services:

Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received and shall conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact. For each client who screens eligible for



Exhibit B Amendment #2

services and starts receiving services, whether for the identified level of care or interim services, within 10 business days following the eligibility screening, the treatment contractor will receive an incentive payment of \$75.00. Access incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

B. Completion:

For each client who is discharged from the program because they have completed treatment or transferred to another treatment provider as recorded in the Discharge Type field of the WITS Discharge Module, the treatment contractor will receive an incentive payment of \$75.00. Completion incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

C. Client Outcomes:

If a client who was discharged from the program meets at least 3 of the Outcome criteria below in the 3rd and/or 6th month post-discharge, as evidenced by the WITS Follow-Up module, the treatment contractor will receive an incentive payment in the amount of \$50. The 3rd month post discharge is considered to be 60 – 120 days post discharge. The 6th month post discharge is considered to be 150 – 210 days post discharge. Outcomes incentives will be calculated and paid on a monthly basis for clients meeting criteria in the previous calendar month. It is expected that at least 50% of discharged clients will be contacted for 3 and/or 6 month follow-up over the contract year.

- i. Abstinence: The client reports reduced or no substance use in the past 30 days.
- ii. Employment/Education: The client reports increased or retained employment or the client reports returning to or staying in school.
- iii. Crime and Criminal Justice: The client reports no arrests in the past 30 days.
- iv. Stability in Housing: The client reports being in stable housing.
- v. Social Connectedness: The client reports engagement in Recovery Support Services, Care Coordination, and/or Community Based Support Groups in the past 30 days.

D. Performance Incentive Payout Limits:

Performance incentives are limited to no more than 6% of the total contract amount annually. The total amount paid out during the contract year will never exceed the total contract amount. DHHS is not obligated to make payment for any incentives that occur outside of the current contract year; however, incentives may be carried over to future contract years at the discretion of DHHS.

2. Failure to Meet Deliverables:

The Contractor shall comply with all contract requirements as detailed in Exhibit A section B, Required Services. Upon determination that Contractor may not be meeting the required deliverables, within two (2) weeks BDAS will provide a written correction action plan. Within two (2) weeks of notification of the corrective action plan, Contractor will provide a written remedial plan. BDAS will monitor the corrective actions for 60 days. Failure to meet requirements of the corrective action plan within 60 days may result in withholding of any or all payments or termination of the contract.

3. Invoicing & Billing:

All billing shall be completed via the WITS system according to protocols established by BDAS.



Exhibit B Amendment #2

The Contractor shall have written authorization from the State prior to using contract funds to purchase or lease any equipment with a cost in excess of two thousand five hundred dollars (\$2500) and with a useful life beyond one year.

II. Allocation of Funding:

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. The contractor is prohibited from spending down more than the sum of the total contract amount that includes the cost of the client services and related incentives.

III. Availability of Alternative Funding:

The New Hampshire Department of Health and Human Services may terminate or amend the contract should alternate third party payors, including Medicaid, the New Hampshire Health Protection Program and/or insurance available on the New Hampshire Insurance Exchange cover any of the services included in this contract.

IV. Limitations and restrictions of federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds:

The Contractor agrees to use the SAPT funds as the payment of last resort.

Restrictions on SAPT Block Grant on State and Contractor expenditures include:

The State may not:

- Provide inpatient hospital services except under those conditions outlined in the regulations.
- Make cash payments to intended recipients of substance abuse services.
- Purchase or improve land.
- Purchase, construct, or permanently improve buildings or other facilities.
- Purchase major medical equipment.
- Satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds. (in-kind)
- Provide financial assistance to any entity other than a public or non-profit private entity.
- Provide individuals with hypodermic needles or syringes.
- Expend more than the amount of Block Grant funds expended in FFY91 for treatment services provided in penal or correctional institutions of the State.

The Contractor shall not:

- Use any federal funds provided under this contract for the purpose of conducting testing for the etiologic agent for Human Immunodeficiency Virus (HIV) unless such testing is accompanied by appropriate pre and post-test counseling.
- Use any federal funds provided under this contract for the purpose of conducting any form of needle exchange, free needle programs or the distribution of bleach for the cleaning of needles for intravenous drug abusers.

V. Charitable Choice:



Exhibit B Amendment #2

Federal Charitable Choice statutory provisions ensure that religious organizations are able to equally compete for Federal substance abuse funding administered by SAMHSA, without impairing the religious character of such organizations and without diminishing the religious freedom of SAMHSA beneficiaries (see 42 USC 300x-65 and 42 CFR Part 54 and Part 54a, 45 CFR Part 96, Charitable Choice Provisions and Regulations). Charitable Choice statutory provisions of the Public Health Service Act enacted by Congress in 2000 are applicable to the SAPT Block Grant program. No funds provided directly from SAMHSA or the relevant State or local government to organizations participating in applicable programs may be expended for inherently religious activities, such as worship, religious instruction, or proselytization. If an organization conducts such activities, it must offer them separately, in time or location, from the programs or services for which it receives funds directly from SAMHSA or the relevant State or local government under any applicable program, and participation must be voluntary for the program beneficiaries.

- VI. Notwithstanding paragraph 18 of the General Provisions of this Agreement P-37, an amendment limited to adjusting amounts within the budgets and within the price limitation, can be made by written agreement of both parties and may be made without obtaining approval of Governor and Executive Council.

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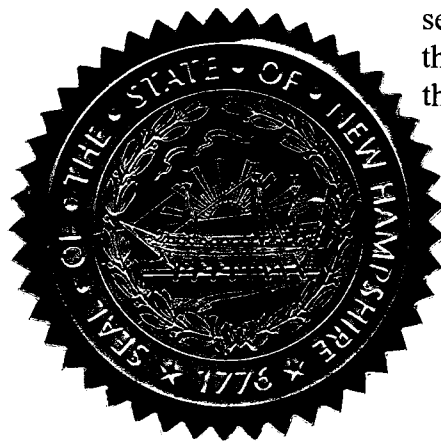
State of New Hampshire

Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that THE MENTAL HEALTH CENTER OF GREATER MANCHESTER, INC. is a New Hampshire nonprofit corporation formed October 17, 1960. 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 14th day of April A.D. 2014



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

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

I, Timothy Soucy, do hereby certify that:

(Name of the elected Officer of the Agency; cannot be contract signatory)

1. I am a duly elected Officer of The Mental Health Center of Greater Manchester.

(Agency Name)

2. The following is a true copy of the resolution duly adopted at a meeting of the Board of Directors of

the Agency duly held on April 28, 2014:

(Date)

RESOLVED: That the Executive Vice President/Chief Operating Officer

(Title of Contract Signatory)

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

3. The forgoing resolutions have not been amended or revoked, and remain in full force and effect as of

the 29th day of May, 2014.

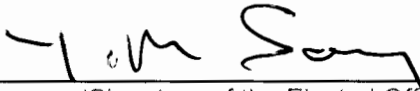
(Date Contract Signed)

4. William Rider is the duly elected Executive Vice President/Chief Operating Officer

(Name of Contract Signatory)

(Title of Contract Signatory)

of the Agency.


(Signature of the Elected Officer)

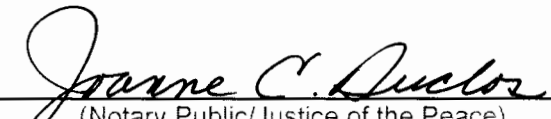
STATE OF NEW HAMPSHIRE

County of Hillsborough

The forgoing instrument was acknowledged before me this 29th day of May, 2014,

By Timothy Soucy.

(Name of Elected Officer of the Agency)


(Notary Public/Justice of the Peace)

(NOTARY SEAL)

Commission Expires: 9/18/18

JOANNE C. DUCLOS, Notary Public
Expires September 18, 2018



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
4/30/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER CGI Business Insurance PO Box 1260 North Hampton NH 03862	CONTACT NAME: Kathleen Flibotte, CISR PHONE (A/C, No. Ext): (603) 898-6500 FAX (A/C, No): (603) 870-9444 E-MAIL ADDRESS: kflibotte@dbwarlick.com																					
INSURED The Mental Health Center of Greater Manchester 401 Cypress Street Manchester NH 03103-3628	<table border="1"><tr><th colspan="2">INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr><tr><td>INSURER A:</td><td>Philadelphia Insurance Company</td><td>23850</td></tr><tr><td>INSURER B:</td><td>AIM Mutual Insurance Company</td><td>33758</td></tr><tr><td>INSURER C:</td><td></td><td></td></tr><tr><td>INSURER D:</td><td></td><td></td></tr><tr><td>INSURER E:</td><td></td><td></td></tr><tr><td>INSURER F:</td><td></td><td></td></tr></table>	INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A:	Philadelphia Insurance Company	23850	INSURER B:	AIM Mutual Insurance Company	33758	INSURER C:			INSURER D:			INSURER E:			INSURER F:		
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INSURER C:																						
INSURER D:																						
INSURER E:																						
INSURER F:																						

COVERAGES **CERTIFICATE NUMBER:** 14-15 Master as of 3/6/14 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☐ OCCUR ☒ Professional Liability GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PROJECT ☐ LOC			PHPK1152202	4/1/2014	4/1/2015	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COM/OP AGG \$ 3,000,000
	AUTOMOBILE LIABILITY ☒ ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☒ HIRED AUTOS ☒ NON-OWNED AUTOS			PHPK1152202	4/1/2014	4/1/2015	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	☒ UMBRELLA LIAB ☒ OCCUR ☐ EXCESS LIAB ☐ CLAIMS-MADE DED ☒ RETENTION \$ 10,000			PHUB454103	4/1/2014	4/1/2015	EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$ 10,000,000
	B WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	☐ Y ☒ N	N/A	ECC60040002982013A	9/12/2013	9/12/2014	☒ WC STATUTORY LIMITS ☐ OTHER E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000

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

****Supplemental Names**** Manchester Mental Health Foundation, Inc., Manchester Mental Health Realty, Inc., Manchester Mental Health Services, Inc., Manchester Mental Health Ventures, Inc.
This Certificate is issue for insured operations usual to Mental Health Services.

CERTIFICATE HOLDER

DHHS 129 Pleasant Street Concord, NH 03301

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
AUTHORIZED REPRESENTATIVE Edward Young/SKC

**The Mental Health Center of Greater Manchester, Inc.
and Manchester Mental Health Foundation, Inc.**

COMBINING FINANCIAL STATEMENTS

June 30, 2013

The Mental Health Center of Greater Manchester, Inc.
and Manchester Mental Health Foundation, Inc.
TABLE OF CONTENTS
June 30, 2013

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Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of The Mental Health Center of Greater Manchester, Inc.
and Manchester Mental Health Foundation, Inc.

We have audited the accompanying combining financial statements of The Mental Health Center of Greater Manchester, Inc. and its affiliate Manchester Mental Health Foundation, Inc. (nonprofit organizations) which comprise the statement of financial position as of June 30, 2013, and the related combining statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

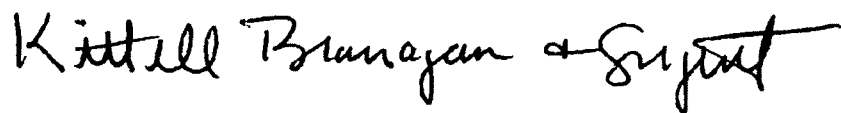
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combining financial statements referred to above present fairly, in all material respects, the individual and combining financial positions of The Mental Health Center of Greater Manchester, Inc. and Manchester Mental Health Foundation, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combining financial statements as a whole. The supplementary information on pages 17 through 21 is presented for the purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with audit 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 financial statements as a whole.

A handwritten signature in black ink, reading "Kittell Branagan" followed by a stylized flourish or second name.

St. Albans, Vermont
September 4, 2013

The Mental Health Center of Greater Manchester, Inc.
and Manchester Mental Health Foundation, Inc.
COMBINING STATEMENTS OF FINANCIAL POSITION
June 30, 2013

	<u>ASSETS</u>			
	<u>MHCGM</u>	<u>Foundation</u>	<u>Eliminating Entries</u>	<u>Combined Total</u>
CURRENT ASSETS				
Cash	\$ 6,024,732	\$ 2,364	\$ -	\$ 6,027,096
Accounts Receivable, less allowance for uncollectible accounts of \$3,212,981	1,901,749	-	-	1,901,749
Other Accounts Receivable	198,193	-	(24,000)	174,193
Grant Receivable	46,433	-	-	46,433
Investments	-	2,097,567	-	2,097,567
Prepaid Expenses	190,324	-	-	190,324
TOTAL CURRENT ASSETS	8,361,431	2,099,931	(24,000)	10,437,362
 PROPERTY, PLANT AND EQUIPMENT,				
Net of accumulated depreciation	3,055,381	-	-	3,055,381
 TOTAL ASSETS	\$ 11,416,812	\$ 2,099,931	\$ (24,000)	\$ 13,492,743
 <u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts Payable	\$ 177,501	\$ -	\$ -	\$ 177,501
Due To Affiliate	-	24,000	(24,000)	-
Accrued Payroll & Vacation, other accruals	2,216,541	3,751	-	2,220,292
Deferred Revenue	70,218	-	-	70,218
Medicaid Advance	220,498	-	-	220,498
Amounts held for Patients and Other Deposits	20,358	-	-	20,358
TOTAL CURRENT LIABILITIES	2,705,116	27,751	(24,000)	2,708,867
 EXTENDED ILLNESS LEAVE, Long term	486,205	-	-	486,205
 POST-RETIREMENT BENEFIT OBLIGATION	73,671	-	-	73,671
 NET ASSETS				
Unrestricted	8,151,820	1,843,511	-	9,995,331
Permanently restricted	-	228,669	-	228,669
TOTAL NET ASSETS	8,151,820	2,072,180	-	10,224,000
 TOTAL LIABILITIES AND NET ASSETS	\$ 11,416,812	\$ 2,099,931	\$ (24,000)	\$ 13,492,743

See Accompanying Notes to Financial Statements

The Mental Health Center of Greater Manchester, Inc.
and Manchester Mental Health Foundation, Inc.
COMBINING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2013

	<u>MHCGM</u>	<u>Foundation</u>	<u>Eliminating Entries</u>	<u>Combined Total</u>
REVENUE AND OTHER SUPPORT				
Program Service Fees	\$ 20,803,503	\$ -	\$ -	\$ 20,803,503
Fees and Grants from Governmental Agencies	1,569,610	-	-	1,569,610
Rental Income	139,589	-	-	139,589
United Way Allocations	48,138	-	-	48,138
Other Income	<u>1,448,698</u>	<u>-</u>	<u>(71,293)</u>	<u>1,377,405</u>
TOTAL REVENUE AND OTHER SUPPORT	<u>24,009,538</u>	<u>-</u>	<u>(71,293)</u>	<u>23,938,245</u>
OPERATING EXPENSES				
Program Services:				
Outpatient - Children	3,803,174	-	-	3,803,174
Elderly	833,655	-	-	833,655
Emergency Services	1,411,508	-	-	1,411,508
Vocational Services	595,764	-	-	595,764
Non-Eligibles	1,272,888	-	-	1,272,888
Mutli-Service Team	7,664,382	-	-	7,664,382
Crisis Unit	2,300,969	-	-	2,300,969
Community Residences & Support Living	1,690,980	-	-	1,690,980
Other	<u>1,304,863</u>	<u>-</u>	<u>-</u>	<u>1,304,863</u>
Total Program Services	20,878,183	-	-	20,878,183
Supporting Services				
Management and General	<u>2,360,321</u>	<u>-</u>	<u>(319,208)</u>	<u>2,041,113</u>
TOTAL OPERATING EXPENSES	<u>23,238,504</u>	<u>-</u>	<u>(319,208)</u>	<u>22,919,296</u>
INCOME FROM OPERATIONS	<u>771,034</u>	<u>-</u>	<u>247,915</u>	<u>1,018,949</u>
NON-OPERATING REVENUE/(EXPENSES)				
Contributions	285,996	323,987	(319,208)	290,775
Interest/Dividend Income	5,431	72,766	-	78,197
Investment Return	-	121,220	-	121,220
Dues	-	(4,356)	-	(4,356)
Miscellaneous Income	-	649	-	649
Donations/Contributions	-	(95,293)	71,293	(24,000)
Miscellaneous Expenses	<u>-</u>	<u>(8,250)</u>	<u>-</u>	<u>(8,250)</u>
NON-OPERATING REVENUE/ (EXPENSES), NET	<u>291,427</u>	<u>410,723</u>	<u>(247,915)</u>	<u>454,235</u>
INCREASE IN NET ASSETS	1,062,461	410,723	-	1,473,184
NET ASSETS AT BEGINNING OF YEAR	<u>7,089,359</u>	<u>1,661,457</u>	<u>-</u>	<u>8,750,816</u>
NET ASSETS AT END OF YEAR	<u>\$ 8,151,820</u>	<u>\$ 2,072,180</u>	<u>\$ -</u>	<u>\$ 10,224,000</u>

See Accompanying Notes to Financial Statements.

The Mental Health Center of Greater Manchester, Inc.
and Manchester Mental Health Foundation, Inc.
COMBINING STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2013

	<u>MHCGM</u>	<u>Foundation</u>	<u>Eliminating Entries</u>	<u>Combined Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	\$ 1,062,461	\$ 410,723	\$ -	\$ 1,473,184
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	190,539	-	-	190,539
Unrealized loss on investments	-	75,932	-	75,932
Realized gain on investments	-	(56,270)	-	(56,270)
Decrease (Increase) in Operating Assets:				
Accounts Receivable	(238,911)	-	-	(238,911)
Prepaid Expenses, grants and contracts receivable, and other current assets	(110,788)	-	-	(110,788)
Increase (Decrease) in Operating Liabilities:				
Accounts Payable	6,394	-	-	6,394
Due to Affiliate	-	13,494	-	13,494
Accrued Expenses and Other Current Liabilities	143,972	1,001	-	144,973
Deferred Revenue	(36,187)	-	-	(36,187)
Medicaid Advance	220,498	-	-	220,498
Amounts held for Patients and Other Deposits	(1,707)	-	-	(1,707)
Postretirement Benefit Obligation	(77,010)	-	-	(77,010)
Extended Illness Leave	(40,637)	-	-	(40,637)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,118,624</u>	<u>444,880</u>	<u>-</u>	<u>1,563,504</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant, and equipment, net	(170,561)	-	-	(170,561)
Proceeds from sale of investments	-	738,664	-	738,664
Purchase of investments	-	(1,187,272)	-	(1,187,272)
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(170,561)</u>	<u>(448,608)</u>	<u>-</u>	<u>(619,169)</u>
NET INCREASE (DECREASE) IN CASH	948,063	(3,728)	-	944,335
CASH AT BEGINNING OF YEAR	<u>5,076,669</u>	<u>6,092</u>	<u>-</u>	<u>5,082,761</u>
CASH AT END OF YEAR	<u>\$ 6,024,732</u>	<u>\$ 2,364</u>	<u>\$ -</u>	<u>\$ 6,027,096</u>

See Accompanying Notes to Financial Statements.

The Mental Health Center of Greater Manchester, Inc.
and Manchester Mental Health Foundation, Inc.
NOTES TO COMBINING FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Mental Health Center of Greater Manchester, Inc. (the "Center") a not-for-profit corporation, organized under New Hampshire law to provide services in the areas of mental health, and related non-mental health programs is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. In addition, the organization qualifies for the charitable contribution deduction under Section 170 (b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(2). In July 1990, the Center was reorganized and Manchester Mental Health Foundation, Inc. (the "Foundation") became the sole corporate member of the Center. The Foundation is also a 501(c)(3). The Foundation's purpose is to raise and invest funds for the benefit of the Center.

Basis of Presentation

The combining financial statements include the accounts of The Mental Health Center of Greater Manchester, Inc. and its affiliate, Manchester Mental Health Foundation, Inc. All inter-company transactions and accounts have been eliminated in combination.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

Consideration has been given to uncertain tax positions. The federal income tax returns for the years ended after June 30, 2010, remain open for potential examination by major tax jurisdictions, generally for three years after they were filed.

State Grants

The Center receives a number of grants from, and has entered into various contracts with the State of New Hampshire related to the delivery of mental health services.

Depreciation

The cost of property, equipment and improvements is depreciated over the estimated useful life of the assets using the straight line method. Assets deemed to have a useful life greater than three years are deemed capital in nature. Estimated useful lives range from 3 to 40 years.

Vacation Pay and Fringe Benefits

Vacation pay is accrued and charged to the programs when earned by the employee. Fringe benefits are allocated to the appropriate program expense based on the percentage of actual time spent on the programs.

The Mental Health Center of Greater Manchester, Inc.
and Manchester Mental Health Foundation, Inc.
NOTES TO COMBINING FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

Revenue from federal, state and other sources is recognized in the period earned.

Accounts Receivable

Accounts receivable are recorded based on amounts billed for services provided, net of respective allowances.

Policy for Evaluating Collectability of Accounts Receivable

In evaluating the collectability of accounts receivable, the Center analyzes past results and identifies trends for each major payor source of revenue for the purpose of estimating the appropriate amounts of the allowance for doubtful accounts. Data in each major payor source is regularly reviewed to evaluate the adequacy of the allowance for doubtful accounts. Specifically, for receivables relating to services provided to clients having third-party coverage, an allowance for doubtful accounts and a corresponding provision for bad debts are established for amounts outstanding for an extended period of time and for third-party payors experiencing financial difficulties; for receivables relating to self-pay clients, a provision for bad debts is made in the period services are rendered based on experience indicating the inability or unwillingness of clients to pay amounts for which they are financially responsible.

Based on management's assessment, the Center provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Center has used reasonable collection efforts are written off through a change to the valuation allowance and a credit to accounts receivable.

During 2013, the Center increased its estimate in the allowance for doubtful accounts from 43% to 63% of total accounts receivable to \$3,212,981 as of June 30, 2013 from \$2,591,826 as of June 30, 2012. This was a direct result of self-pay patient accounts receivable increasing to \$2,420,159 as of June 30, 2013 from \$1,048,657 as of June 30, 2012.

Client Service Revenue

The Center recognizes client service revenue relating to services rendered to clients that have third-party payor coverage and are self pay. The Center receives reimbursement from Medicare, Medicaid and Insurance Companies at defined rates for services to clients covered by such third-party payor programs. The difference between the established billing rates and the actual rate of reimbursement is recorded as allowances when received. For services rendered to uninsured clients (i.e., self-pay clients), revenue is recognized on the basis of standard or negotiated discounted rates. At the time services are rendered to self-pay clients, a provision for bad debts is recorded based on experience and the effects of newly identified circumstances and trends in pay rates. Client service revenue (net of contractual allowances and discounts but before taking account of the provision for bad debts) recognized during the year ended June 30, 2013 totaled \$20,803,503, of which \$19,965,266 was revenue from third-party payors and \$838,237 was revenue from self-pay clients.

The Mental Health Center of Greater Manchester, Inc.
and Manchester Mental Health Foundation, Inc.
NOTES TO COMBINING FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Temporarily and Permanently Restricted Net Assets

Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of donated assets.

Temporarily restricted net assets are those whose use by the Center has been limited by donors to a specific time period or purpose. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as either net assets released from restrictions (for non-capital related items) or as net assets released from restrictions used for capital purchases (capital related items).

Permanently restricted net assets are restricted by donors and to be maintained in perpetuity. Income earned on permanently restricted net assets, to the extent not restricted by the donor, including net realized appreciation on investments, would be included in the statement of activities as unrestricted resources or as a change in temporarily restricted net assets in accordance with donor-intended purposes.

Employee Benefit Program

The Center maintains a tax-sheltered annuity benefit program, which covers substantially all employees. Eligible employees may contribute up to maximum limitations (set annually by the IRS) of their annual salary. After one year's employment, the employees' contributions are matched by the Center up to 5 percent of their annual salary. The combined amount of employee and employer contributions is subject by law to yearly maximum amounts. The employer match was \$407,870 for the year ended June 30, 2013.

Postretirement Medical Benefits

The Center sponsors an unfunded defined benefit postretirement plan covering certain of its employees (employed prior to January 1, 1997). In 2008, all eligible active employees were offered and accepted a buyout of the program leaving the plan to provide medical benefits to eligible retired employees. See Note 8 for further discussion of the Plan.

For retirements prior to January 1, 1997, benefits are based upon quoted premium rates. For retirements on or after January 1, 1997 up to June 30, 2007, the benefits are based on monthly premiums frozen at their December 31, 1996 level. The plan is funded as premiums are paid.

The Mental Health Center of Greater Manchester, Inc.
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NOTES TO COMBINING FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Malpractice Loss Contingencies

The Center has an occurrence basis policy for its malpractice insurance coverage. An occurrence basis policy provides specific coverage for claims resulting from incidents that occur during the policy term, regardless of when the claims are reported to the insurance carrier. The possibility exists, as a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the Center. In the event a loss contingency should occur, the Center would give it appropriate recognition in its financial statements.

NOTE 2 CLIENT SERVICE REVENUES FROM THIRD PARTY PAYORS

The Center has agreements with third-party payors that provide payments to the Center at established rates. These payments include:

New Hampshire Medicaid

The Center is reimbursed for services rendered to Medicaid clients on the basis of fixed Fee for Service rates.

Approximately 81% of net client service revenue is from participation in the state-sponsored Medicaid programs for the year ended June 30, 2013. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonable possible that recorded estimates could change materially in the near term.

NOTE 3 PROPERTY AND EQUIPMENT

Property, plant and equipment is stated at cost. Expenditures for maintenance and repairs are charged to expense as incurred and expenditures for major renovations are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets being depreciated.

Property and equipment consisted of the following at June 30, 2013:

Land	\$ 1,415,708
Buildings and improvements	4,409,724
Furniture and equipment	<u>1,216,949</u>
	7,042,381
Accumulated depreciation	<u>(3,987,000)</u>
	<u>\$ 3,055,381</u>

Depreciation expense for the year ended June 30, 2013 was \$190,539.

The Mental Health Center of Greater Manchester, Inc.
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NOTES TO COMBINING FINANCIAL STATEMENTS
June 30, 2013

NOTE 4 ACCOUNTS RECEIVABLE

ACCOUNTS RECEIVABLE - TRADE

Due from clients	\$ 2,420,159
Medicaid receivable	1,906,264
Medicare receivable	182,939
Other insurance	<u>605,368</u>
	5,114,730
Allowance for doubtful accounts	<u>(3,212,981)</u>
	<u>\$ 1,901,749</u>

ACCOUNTS RECEIVABLE – OTHER

Amoskeag Residences	\$ 5,405
Boston University COG	16,597
Catholic Medical Center	22,916
Community Connection	24,306
Easter Seals contract receivable	22,764
Farnum Center contract receivable	9,841
Granite United Way	13,000
Manchester Mental Health Foundation	24,000
Miscellaneous accounts receivable	11,848
Miscellaneous contracts receivable	6,408
State of NH BIP Funds	<u>41,108</u>
	<u>\$ 198,193</u>

GRANTS RECEIVABLE

State of New Hampshire – DHHS	
Division for Children, Youth and Families	<u>\$ 46,433</u>

NOTE 5 DEFERRED REVENUE

CIP Grant	\$ 30,538
Central NY Services	11,140
Greater Manchester Charitable Trust	9,958
HCHC Gym Memberships	4,820
Miscellaneous deferred revenue	2,095
State of NH DIG Grant	<u>11,667</u>
	<u>\$ 70,218</u>

The Mental Health Center of Greater Manchester, Inc.
and Manchester Mental Health Foundation, Inc.
NOTES TO COMBINING FINANCIAL STATEMENTS
June 30, 2013

NOTE 6 LINE OF CREDIT

As of June 30, 2013, the organization had available a line of credit with a bank due on demand with an upper limit of \$2,500,000. The line was not utilized as of June 30, 2013. These funds are available with interest charged at Prime Rate.

NOTE 7 LEASES

The Center leases certain facilities and equipment under operating leases which expire at various dates. Aggregate future minimum payments under noncancelable operating leases with terms of one year or more are as follows:

2014	\$ 502,143
2015	124,105
2016	102,648
2017	90,000

Rental expense was \$328,718 for the year ended June 30, 2013.

NOTE 8 EXTENDED ILLNESS LEAVE (EIL)

The following table sets forth the Center's funded status of EIL as of June 30, 2013:

Net Post Retirement Health Cost:

Service cost	\$ 30,510
Interest cost	17,728
Net post retirement health cost	<u>\$ 48,238</u>

Change in Accumulated Projected Benefit Obligation:

Accumulated benefit obligation at beginning of year	\$ 533,953
Service cost	30,510
Interest cost	17,728
Actuarial (gain)	(76,831)
Benefits paid	<u>(19,155)</u>
Benefit obligation at end of year	<u>\$ 486,205</u>

Balance Sheet Liability:

Accumulated postretirement benefit obligation	\$ 486,205
Fair value of plan assets	<u>-</u>
Unfunded accumulated postretirement benefit obligation	<u>\$ 486,205</u>

The Mental Health Center of Greater Manchester, Inc.
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NOTES TO COMBINING FINANCIAL STATEMENTS
June 30, 2013

NOTE 8 EXTENDED ILLNESS LEAVE (EIL) (continued)

Reconciliation of Accrued Costs:

Accrued benefit obligation at beginning of year	\$ 519,349
Net post retirement health cost for the year	48,238
Contributions made during the year (benefits paid)	<u>(19,155)</u>
Accrued post retirement health cost at end of year	<u>\$ 548,432</u>

Estimated Future Benefit Payments:

2013 – 2014	\$ 109,400
2014 – 2015	17,200
2015 – 2016	34,900
2016 – 2017	20,600
2017 – 2018	51,900
2018 – 2023	309,300

Expected contribution for next fiscal year: \$ 109,400

Change in Balance Sheet Liability:

Balance sheet liability at beginning of year	\$ (533,953)
Net actuarial gain arising during the year	76,831
Increase from current year service and interest cost	(48,238)
Contributions made during the year	<u>19,155</u>
Balance sheet liability at end of year	<u>\$ (486,205)</u>

Amounts Recognized as Adjustments to Unrestricted Net Assets:

Adjustments to unrestricted net assets from adoption of of FAS 158 at beginning of year	\$ 14,602
Net actuarial (gain) or loss arising during the year	<u>(76,831)</u>
Unrestricted net assets not yet classified as NPBC at end of year	<u>\$ (62,229)</u>

Unrestricted Net Assets Not Yet Classified As Net

Postretirement Benefit Cost:

Unrecognized prior service cost	\$ -
Unrecognized net actuarial gain or (loss)	<u>(62,229)</u>
Unrestricted net assets not yet classified as NPBC at end of year	<u>\$ (62,229)</u>

The weighted-average discount rate used in determining the accumulated benefit obligation was 4.50% at June 30, 2013.

The Mental Health Center of Greater Manchester, Inc.
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NOTES TO COMBINING FINANCIAL STATEMENTS
June 30, 2013

NOTE 9 OTHER POST-RETIREMENT HEALTH BENEFIT PLAN

During 2007, the Center offered a buyout to employees who would have been eligible to participate in the post retirement health plan upon their retirement. As a result, no additional employees will be enrolled in the plan. Only current retirees participate in the plan.

During 1997, the Center amended the plan to freeze monthly premiums at their December 31, 1996 level and to no longer provide the postretirement benefit to employees hired after December 31, 1996. The weighted-average annual assumed rate of increase in per capita cost of covered benefits (i.e., health care cost trend rate) was 4.50% for the year ending June 30, 2013; and 4.50% per year for retirements that occurs on or after January 1, 1997, until those retirees' monthly premium cap of \$188 is reached.

Net Post Retirement Health Cost:

Interest cost	\$ 3,027
Net amortization of (gain)	(19,522)
Net post retirement health cost	<u>\$ (16,495)</u>

Change in Accumulated Projected Benefit Obligation:

Accumulated benefit obligation at beginning of year	\$ 135,770
Interest cost	3,027
Actuarial (gain)	(48,341)
Benefits paid	(16,785)
Benefit obligation at end of year	<u>\$ 73,671</u>

FASB Balance Sheet Liability:

Accumulated postretirement benefit obligation	\$ 73,671
Fair value of plan assets	-
Unfunded accumulated postretirement benefit obligation	<u>\$ 73,671</u>

Reconciliation of Accrued Costs:

Accrued benefit obligation at beginning of year	\$ 293,244
Net post retirement health cost for the year	(16,495)
Contributions made during the year (benefits paid)	(16,785)
Accrued post retirement health cost at end of year	<u>\$ 259,964</u>

Gains and losses in excess of 10% of the greater of the benefit obligation and the fair value of assets are amortized over the average remaining service period of active participants.

Assumptions

Weighted-average assumptions used to determine Benefit Obligations at June 30, 2013:

Discount rate	4.50%

The Mental Health Center of Greater Manchester, Inc.
and Manchester Mental Health Foundation, Inc.
NOTES TO COMBINING FINANCIAL STATEMENTS
June 30, 2013

NOTE 9 OTHER POST-RETIREMENT HEALTH BENEFIT PLAN (continued)

Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. A 1% change in assumed health care cost trend rates would have the following effects:

	<u>1% Increase</u>	<u>1% Decrease</u>
Effect on total of service and interest cost components of net periodic postretirement health care benefit cost	\$ 3,086	\$ 2,970
Effect on the health care component of the accumulated postretirement benefit obligation	\$ 75,263	\$ 72,119

Weighted-average assumptions used to determine Net Periodic Benefit Cost at June 30, 2013:

Discount rate	4.50%

Cash Flows

Estimated Future Benefit Payments:

2013 – 2014	\$ 13,100
2015 – 2016	13,700
2016 – 2017	14,300
2016 – 2017	14,900
2017 – 2018	15,500
2018 – 2023	25,200

Expected contribution for next fiscal year: \$ 13,100

Change in Balance Sheet Liability:

Balance sheet liability at beginning of year	\$ (135,770)
Net actuarial gain or (loss) arising during the year	48,341
Increase from current year service and interest cost	(3,027)
Contributions made during the year	16,785
Balance sheet liability at end of year	<u>\$ (73,671)</u>

Amounts Recognized as Adjustments to Unrestricted Net Assets:

Adjustments to unrestricted net assets from adoption of FAS 158 at beginning of year	\$ (157,474)
Net actuarial (gain) arising during the year	(48,341)
Reclassification from amortization of net actuarial loss recognized during the year	<u>19,522</u>
Unrestricted net assets not yet classified as NPBC at end of year	<u>\$ (186,293)</u>

The Mental Health Center of Greater Manchester, Inc.
and Manchester Mental Health Foundation, Inc.
NOTES TO COMBINING FINANCIAL STATEMENTS
June 30, 2013

NOTE 9 OTHER POST-RETIREMENT HEALTH BENEFIT PLAN (continued)

Reconciliation of Accrued Costs:

Unrecognized prior service cost	\$ -
Unrecognized net actuarial gain or (loss)	<u>(186,293)</u>
Unrestricted net assets not yet classified as NPBC at end of year	<u>\$ (186,293)</u>

Unrestricted Net Assets Expected to be Reclassified as Net
Postretirement Benefit Cost in Next Fiscal Year:

Recognition of amortization of net Actuarial Loss in next fiscal year's expense	<u>\$ 19,522</u>

NOTE 10 COMMITMENTS AND CONTINGENCIES

The Center held deposits with TD Bank North totaling \$6,300,228 as of June 30, 2013. Of this amount \$6,050,228 is in excess of FDIC coverage of \$250,000. The Center has collateralized this excess with Federal repurchase agreements.

The Center held investments with LPL Financial totaling \$1,947,567 as of June 30, 2013. Of this amount \$1,447,567 is in excess of SIPC coverage of \$500,000 and is uninsured.

NOTE 11 RELATED PARTY TRANSACTIONS

Amoskeag Residences, Inc. was formed by the Mental Health Center of Greater Manchester, Inc. The board of directors for Amoskeag Residences, Inc. is comprised of members of management from the Center. Included in accounts receivable as of June 30, 2013 is \$5,405 due to the Center from Amoskeag Residences, Inc. The Mental Health Center of Greater Manchester, Inc. is reimbursed for services it provides to Amoskeag Residences, Inc., such as bookkeeping services, insurance coverage, and repairs and maintenance services. The amounts for the years ended June 30, 2013 are as follows:

Billed	\$ <u>67,438</u>
Reimbursed	\$ <u>69,483</u>

The Mental Health Center of Greater Manchester, Inc.
and Manchester Mental Health Foundation, Inc.
NOTES TO COMBINING FINANCIAL STATEMENTS
June 30, 2013

NOTE 12 INVESTMENTS

Investments are presented in the combining financial statements at market value as follows:

	Cost	Market
Cash and Cash Equivalents	\$ 279,492	\$ 279,492
Marketable Equity Securities	1,696,293	1,818,075
 TOTAL	 <u>\$ 1,975,785</u>	 <u>\$ 2,097,567</u>

Investment return consisted of the following:

Advisory Fees	\$ (10,982)
Net realized gain	56,270
Change in Fair Market Value - Net unrealized gain	<u>75,932</u>
 TOTAL INVESTMENT (LOSS)	 <u>\$ 121,220</u>

NOTE 13 FAIR VALUE MEASUREMENTS

The Foundation's investments are reported at fair value in the accompanying statement of net assets available for benefits. The methods used to measure fair value may produce an amount that may not be indicative of net realizable or reflective of future fair values. Furthermore, although the Foundation believes its valuations methods are appropriate and consistent with other market participant, the use of different methodologies or assumptions to measure the fair value of certain financial instruments could result in a different fair value at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quotes prices in active markets for identical assets and have the highest priority, and Level 3 inputs are unobservable and have the lowest priority.

The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 input valuation methods are described in detail below and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements

The fair value of mutual funds, equities and options are valued at the daily closing price as reported by the fund. Mutual funds, equities and options held by the Foundation are open-end and are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The investments held by the Foundation are deemed to be actively traded.

The Mental Health Center of Greater Manchester, Inc.
and Manchester Mental Health Foundation, Inc.
NOTES TO COMBINING FINANCIAL STATEMENTS
June 30, 2013

NOTE 13 FAIR VALUE MEASUREMENTS (continued)

The following table presents by level, within the fair value hierarchy, the Foundation investment assets at fair value, as of June 30, 2013. As required by professional accounting standards, investment assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

<u>Description</u>	<u>06/30/13</u>	<u>Quoted Price In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Cash and Cash Equivalents	\$ 279,492	\$ 279,492	\$ -	\$ -
Equities and Option:				
Exchange Traded Fund	30,730	30,730	-	-
Mutual Funds:				
Nontraditional Bond	95,278	95,278	-	-
High Yield Bonds	109,135	109,135	-	-
Intermediate Term Bonds	83,188	83,188	-	-
Corporate Debt Funds BBB- Rated	75,447	75,447	-	-
World Stock	94,631	94,631	-	-
Large Growth	137,156	137,156	-	-
Multisector Bonds	213,019	213,019	-	-
Large Value	147,520	147,520	-	-
Large Blend	158,400	158,400	-	-
Mid-Cap Value	263,069	263,069	-	-
Health	84,468	84,468	-	-
Foreign Small/Mid Growth	80,194	80,194	-	-
Small Growth	41,100	41,100	-	-
World Bond	82,711	82,711	-	-
Diversified Pacific/Asia	40,241	40,241	-	-
World Allocation	81,788	81,788	-	-
Total	<u>\$ 2,097,567</u>	<u>\$ 2,097,567</u>	<u>\$ -</u>	<u>\$ -</u>

The Mental Health Center of Greater Manchester, Inc.
and Manchester Mental Health Foundation, Inc.
NOTES TO COMBINING FINANCIAL STATEMENTS
June 30, 2013

NOTE 14 CONCENTRATIONS OF CREDIT RISK

The Center grants credit without collateral to its clients, most of who are area residents and are insured under third-party payor agreements. The mix of receivables due from clients and third-party payors at June 30, 2013 is as follows:

Due from clients	47 %
Medicaid	37
Insurance companies	12
Medicare	<u>4</u>
	<u>100 %</u>

NOTE 15 SUBSEQUENT EVENTS

In accordance with professional accounting standards, the Center and Foundation has evaluated subsequent events through September 4, 2013, which is the date these basic financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2013, have been incorporated into these basic financial statements herein.

SUPPLEMENTARY INFORMATION

The Mental Health Center of Greater Manchester, Inc.
and Manchester Mental Health Foundation, Inc.

ANALYSIS OF ACCOUNTS RECEIVABLE

For the Year Ended June 30, 2013

	Accounts Receivable Beginning of Year	Gross Fees	Contractual Allowances and Other Discounts Given	Cash Receipts	Accounts Receivable End of Year
CLIENT FEES	\$ 2,039,558	\$ 6,131,841	\$ (5,440,910)	\$ 310,330	\$ 2,420,159
MEDICAID	1,676,618	23,220,439	(6,314,428)	16,676,365	1,906,264
MEDICARE	116,972	1,173,448	(246,445)	861,036	182,939
OTHER INSURANCE	421,517	3,371,638	(1,092,080)	2,095,707	605,368
ALLOWANCE FOR UNCOLLECTIBLES	<u>(2,591,826)</u>	<u>-</u>	<u>(621,155)</u>	<u>-</u>	<u>(3,212,981)</u>
TOTAL	<u>\$ 1,662,839</u>	<u>\$ 33,897,366</u>	<u>\$(13,715,018)</u>	<u>\$ 19,943,438</u>	<u>\$ 1,901,749</u>

The Mental Health Center of Greater Manchester, Inc.
and Manchester Mental Health Foundation, Inc.
ANALYSIS OF BBH REVENUES, RECEIPTS AND RECEIVABLES
For the Year Ended June 30, 2013

	(Deferral) From BBH Beginning of Year	BBH Revenues Per Audited Financial Statements	Receipts for Year	(Deferral) From BBH End of Year
CONTRACT YEAR, June 30, 2013	<u>\$ (19,458)</u>	<u>\$ 1,496,296</u>	<u>\$ (1,492,423)</u>	<u>\$ (15,585)</u>

Analysis of Receipts: Date of Receipt/Deposit	Amount
07/13/12	\$ 64,422
07/27/12	149,566
08/28/12	117,682
9/20/12	14,227
10/01/12	110,306
11/01/12	131,298
11/08/12	7,110
12/01/12	106,994
12/31/12	130,395
02/14/13	137,835
03/01/13	108,685
04/01/13	20,550
04/01/13	106,994
04/26/13	10,443
05/01/13	106,994
05/31/13	23,934
06/01/13	106,995
06/02/13	15,431
06/03/13	18,492
06/04/13	6,570
06/23/13	41,108
Less: Federal Monies	<u>(43,608)</u>
	<u>\$ 1,492,423</u>

The Mental Health Center of Greater Manchester, Inc.
and Manchester Mental Health Foundation, Inc.
STATEMENT OF FUNCTIONAL PUBLIC SUPPORT AND REVENUES
For the Year Ended June 30, 2013

	<u>Total Agency</u>	<u>Total Admin.</u>	<u>Total Programs</u>	<u>Child/ Adol.</u>	<u>Elderly Services</u>	<u>Emergency Services</u>
PROGRAM SERVICE FEES						
Net Client Fees	\$ 690,931	\$ -	\$ 690,931	\$ 36,470	\$ 37,539	\$ 78,862
HMO's	1,332,851	-	1,332,851	192,897	21,358	203,524
Blue Cross/Blue Shield	630,813	-	630,813	111,805	26,100	75,961
Medicaid	16,906,011	-	16,906,011	4,911,369	310,980	522,577
Medicare	927,003	-	927,003	378	173,787	21,334
Other Insurance	168,588	-	168,588	21,349	6,730	21,027
Other Program Fees	<u>147,306</u>	<u>-</u>	<u>147,306</u>	<u>4,311</u>	<u>30,117</u>	<u>18,864</u>
Sub-total	<u>20,803,503</u>	<u>-</u>	<u>20,803,503</u>	<u>5,278,579</u>	<u>606,611</u>	<u>942,149</u>
PUBLIC SUPPORT						
United Way	48,138	-	48,138	-	-	-
LOCAL/COUNTY GOVERNMENT						
Donations/Contributions	285,996	-	285,996	-	-	-
Div. Alc/Drug Abuse Prev	27,114	-	27,114	27,114	-	-
Div. for Children, Youth & Families	3,540	-	3,540	3,540	-	-
FEDERAL FUNDING						
PATH	40,068	-	40,068	-	-	40,068
CARE NH Contracts	2,925	-	2,925	-	-	-
RENTAL INCOME	139,589	-	139,589	-	-	-
INTEREST INCOME	5,431	-	5,431	-	-	-
BBH						
Bureau of Behaviorial Health	1,495,963	-	1,495,963	1,167	-	510,861
Other BBH	333	-	333	-	-	333
OTHER REVENUES	<u>1,448,365</u>	<u>-</u>	<u>1,448,365</u>	<u>26,101</u>	<u>37</u>	<u>282,499</u>
Sub-total	<u>3,497,462</u>	<u>-</u>	<u>3,497,462</u>	<u>57,922</u>	<u>37</u>	<u>833,761</u>
TOTAL PROGRAM REVENUES	<u>\$ 24,300,965</u>	<u>\$ -</u>	<u>\$ 24,300,965</u>	<u>\$ 5,336,501</u>	<u>\$ 606,648</u>	<u>\$ 1,775,910</u>

<u>Vocational Services</u>	<u>Non - Eligibles</u>	<u>Multi. Service Team</u>	<u>Respite</u>	<u>Crisis Unit</u>	<u>Community Residence</u>	<u>Supportive Living</u>	<u>Other Mental Health</u>	<u>Other Non-BBH</u>
\$ (4,153)	\$ 99,381	\$ 228,421	\$ 705	\$ 90,239	\$ (1,968)	\$ 273	\$ -	\$ 125,162
-	435,692	250,230	-	228,340	-	-	-	810
-	208,353	141,414	-	67,168	-	-	-	12
501,796	204,357	7,099,563	19,316	1,369,033	466,163	1,500,120	-	737
-	89,867	641,607	-	30	-	-	-	-
659	37,926	32,940	-	44,764	-	291	-	2,902
(212)	36,722	32,580	-	25,858	-	(962)	-	28
<u>498,090</u>	<u>1,112,298</u>	<u>8,426,755</u>	<u>20,021</u>	<u>1,825,432</u>	<u>464,195</u>	<u>1,499,722</u>	<u>-</u>	<u>129,651</u>
-	48,138	-	-	-	-	-	-	-
-	81,293	165	-	-	-	-	-	204,538
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	2,925	-	-	-	-	-	-	-
-	-	-	156	-	-	139,433	-	-
-	-	-	-	-	-	-	-	5,431
-	-	190,424	-	675,000	19,403	-	58,000	41,108
-	-	-	-	-	-	-	-	-
<u>2,468</u>	<u>19,161</u>	<u>85,127</u>	<u>-</u>	<u>40</u>	<u>927</u>	<u>8,558</u>	<u>2</u>	<u>1,023,445</u>
<u>2,468</u>	<u>151,517</u>	<u>275,716</u>	<u>156</u>	<u>675,040</u>	<u>20,330</u>	<u>147,991</u>	<u>58,002</u>	<u>1,274,522</u>
<u>\$ 500,558</u>	<u>\$ 1,263,815</u>	<u>\$ 8,702,471</u>	<u>\$ 20,177</u>	<u>\$ 2,500,472</u>	<u>\$ 484,525</u>	<u>\$ 1,647,713</u>	<u>\$ 58,002</u>	<u>\$ 1,404,173</u>

The Mental Health Center of Greater Manchester, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2013

	<u>Total Agency</u>	<u>Total Admin.</u>	<u>Total Programs</u>	<u>Child/ Adol.</u>	<u>Elderly Services</u>	<u>Emergency Services</u>
PERSONNEL COSTS						
Salary and Wages	\$ 15,340,602	\$ 1,523,386	\$ 13,817,216	\$ 2,560,407	\$ 609,728	\$ 1,016,665
Employee Benefits	3,310,325	315,844	2,994,481	583,977	98,519	205,538
Payroll Taxes	<u>1,117,686</u>	<u>110,006</u>	<u>1,007,680</u>	<u>197,470</u>	<u>46,150</u>	<u>67,655</u>
Sub-total	<u>19,768,613</u>	<u>1,949,236</u>	<u>17,819,377</u>	<u>3,341,854</u>	<u>754,397</u>	<u>1,289,858</u>
PROFESSIONAL FEES						
Client Evaluations/Services	199,381	156,070	43,311	-	979	-
Audit Fees	40,499	3,843	36,656	6,922	1,434	1,964
Legal Fees	21,950	407	21,543	1,132	746	880
Other Prof. Fees/Consultants	10,239	2,214	8,025	1,455	301	413
STAFF DEVELOPMENT & TRAINING						
Journals/Publications	2,679	815	1,864	35	86	10
In-service Training	3,267	67	3,200	-	-	-
Conferences/Conventions	29,126	3,619	25,507	2,193	570	1,835
Other Staff Development	24,013	1,998	22,015	-	-	-
OCCUPANCY COSTS						
Rent	328,719	8,407	320,312	185,781	-	-
Heating Costs	28,350	-	28,350	-	-	-
Other Utilities	218,151	21,107	197,044	10,835	6,320	21,538
Maintenance & Repairs	337,681	20,527	317,154	23,393	8,974	19,053
Other Occupancy Costs	8,864	466	8,398	225	92	154
CONSUMABLE SUPPLIES						
Office	179,217	39,135	140,082	21,927	11,357	4,736
Building/Household	53,250	4,474	48,776	3,152	881	4,553
Educational/Training	205,516	157	205,359	33,262	17,028	549
Food	77,805	1,840	75,965	492	-	-
Medical	101,213	40	101,173	751	15	51
Other Consumable Supplies	190,797	31,013	159,784	27,463	5,073	7,505
Depreciation-Equipment	60,927	6,169	54,758	9,671	1,899	2,997
Depreciation-Building	129,612	6,678	122,934	239	5,305	6,815
Equipment Maintenance	11,107	3,973	7,134	419	447	58
Advertising	24,759	6,248	18,511	3,119	739	830
Printing	36,198	9,017	27,181	5,429	706	1,429
Telephone/Communication	196,233	23,106	173,127	31,909	5,732	14,400
Postage & Shipping	42,909	19,196	23,713	4,182	866	1,658

Vocational Services	Non - Eligibles	Multi. Service Team	Respite	Crisis Unit	Community Residence	Supportive Living	Other Mental Health	Other Non-DMH
\$ 366,020	\$ 933,746	\$ 5,158,233	\$ -	\$ 1,458,068	\$ 249,699	\$ 791,534	\$ 50,138	\$ 622,978
103,530	94,071	1,242,458	-	254,249	70,436	237,226	8,593	95,884
27,596	63,388	383,646	-	99,897	18,843	58,121	3,920	40,994
<u>497,146</u>	<u>1,091,205</u>	<u>6,784,337</u>	<u>-</u>	<u>1,812,214</u>	<u>338,978</u>	<u>1,086,881</u>	<u>62,651</u>	<u>759,856</u>
1,308	6,872	14,637	-	21,812			1,203	(3,500)
1,134	2,519	13,664	-	4,285	830	2,474	203	1,227
1,668	1,484	14,642	-	454	88	262	57	130
238	529	2,872	-	901	174	520	43	579
24	168	222	-	376	4	596	1	342
-	-	-	-	-	-	-	-	3,200
459	475	13,532	-	2,213	156	631	38	3,405
-	-	13,745	-	6,270	-	1,500	-	500
-	80,078	54,453	-	-	-	-	-	-
-	-	-	-	-	-	28,350	-	-
8,439	5,058	60,069	-	43,076	-	33,513	7,765	431
11,734	10,493	73,570	-	105,614	287	52,766	10,487	783
123	97	1,340	-	1,354	317	4,579	114	3
3,593	22,320	49,272	-	16,703	262	7,033	818	2,061
1,156	1,409	8,323	-	19,009	1	9,171	1,029	92
2,783	2,926	90,787	-	9,612	31,390	2,967	21	14,034
406	28	87	-	73,061	10	1,881	-	-
12	26	17,203	-	80,280	9	25	2	2,799
8,575	9,041	62,911	-	19,046	2,483	12,058	1,438	4,191
1,512	3,574	18,765	-	6,883	1,707	5,848	271	1,631
7,085	103	64,088	-	15,942	8	16,694	6,519	136
102	849	1,412	-	1,967	-	1,530	338	12
479	3,234	5,917	-	2,193	351	1,045	86	518
659	4,262	8,837	-	3,017	307	916	290	1,329
9,631	9,443	63,824	-	22,784	1,200	8,475	4,309	1,420
687	1,522	8,276	-	3,595	502	1,517	122	786

The Mental Health Center of Greater Manchester, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2013

	<u>Total Agency</u>	<u>Total Admin.</u>	<u>Total Programs</u>	<u>Child/ Adol.</u>	<u>Elderly Services</u>	<u>Emergency Services</u>
TRANSPORTATION						
Staff	205,784	3,329	202,455	45,194	1,079	18,474
Clients	17,446	-	17,446	724	-	10
INSURANCE						
Malpractice & Bonding	72,707	6,604	66,103	12,481	2,585	3,542
Vehicles	9,892	939	8,953	1,691	350	480
Comp Property/Liability	130,437	22,377	108,060	20,404	4,226	5,790
MEMBERSHIP DUES	46,382	2,672	43,710	2,487	515	706
OTHER EXPENDITURES	<u>424,781</u>	<u>4,578</u>	<u>420,203</u>	<u>4,353</u>	<u>953</u>	<u>1,220</u>
Total Expenditures	23,238,504	2,360,321	20,878,183	3,803,174	833,655	1,411,508
Administration Allocation	<u>-</u>	<u>(2,360,321)</u>	<u>2,360,321</u>	<u>445,112</u>	<u>95,400</u>	<u>157,286</u>
TOTAL PROGRAM EXPENSES	<u>23,238,504</u>	<u>-</u>	<u>23,238,504</u>	<u>4,248,286</u>	<u>929,055</u>	<u>1,568,794</u>
SURPLUS/(DEFICIT)	<u>\$ 1,062,461</u>	<u>\$ -</u>	<u>\$ 1,062,461</u>	<u>\$ 1,088,215</u>	<u>\$ (322,407)</u>	<u>\$ 207,116</u>

<u>Vocational Services</u>	<u>Non - Eligibles</u>	<u>Multi. Service Team</u>	<u>Respite</u>	<u>Crisis Unit</u>	<u>Community Residence</u>	<u>Supportive Living</u>	<u>Other Mental Health</u>	<u>Other Non-DMH</u>
30,028	118	97,934	-	455	1,332	6,250	121	1,470
2	-	11,168	-	2,229	-	3,313	-	-
2,045	4,543	24,642	-	7,727	1,497	4,463	365	2,213
277	615	3,337	-	1,047	203	604	49	300
3,343	7,426	40,282	-	12,631	2,448	7,295	597	3,618
408	905	31,645	-	1,555	298	927	3,823	441
<u>708</u>	<u>1,566</u>	<u>8,589</u>	<u>-</u>	<u>2,664</u>	<u>514</u>	<u>1,540</u>	<u>127</u>	<u>397,969</u>
595,764	1,272,888	7,664,382	-	2,300,969	385,356	1,305,624	102,887	1,201,976
<u>70,457</u>	<u>145,296</u>	<u>889,158</u>	<u>-</u>	<u>268,014</u>	<u>48,229</u>	<u>153,896</u>	<u>11,906</u>	<u>75,567</u>
<u>666,221</u>	<u>1,418,184</u>	<u>8,553,540</u>	<u>-</u>	<u>2,568,983</u>	<u>433,585</u>	<u>1,459,520</u>	<u>114,793</u>	<u>1,277,543</u>
<u>\$ (165,663)</u>	<u>\$ (154,369)</u>	<u>\$ 148,931</u>	<u>\$ 20,177</u>	<u>\$ (68,511)</u>	<u>\$ 50,940</u>	<u>\$ 188,193</u>	<u>\$ (56,791)</u>	<u>\$ 126,630</u>



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate
Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

G&C Approved

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

Date 6/5/13
Item # 102A
52.6% Federal
47.4% General

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug and Alcohol Services, to exercise renewal options with vendors by increasing the price limitations by \$7,596,887 in aggregate from \$7,596,890 in aggregate to \$15,193,777 in aggregate for a continuum of substance abuse treatment services state-wide and extending the completion date from June 30, 2013 to June 30, 2014, effective July 1, 2013 or date of Governor and Council approval, whichever is later.

Summary of contracted amounts by vendor:

<u>Vendor</u>	<u>Amount</u>
Child and Family Services of New Hampshire	\$86,803
Concord Hospital, Inc.	\$74,406
Families First of the Greater Seacoast	\$28,922
Families in Transition	\$332,530
Greater Nashua Council on Alcoholism	\$1,356,945
Headrest, Inc.	\$251,450
Horizons Counseling Center, Inc.	\$189,576
Manchester Alcoholism Rehabilitation Center	\$1,120,599
The Mental Health Center of Greater Manchester, Inc.	\$27,114
Monadnock Family Services	\$97,819
Northern Human Services	\$199,025
Phoenix Houses of New England, Inc.	\$1,457,490
National Council on Alcoholism and Drug Dependence of Greater Manchester	\$432,468
Southeastern New Hampshire Alcohol and Drug Abuse Services	\$1,329,836
Tri-County Community Action Programs, Inc.	\$611,904
TOTAL	\$7,596,887

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 2 of 4

Funds to support this request are anticipated to be available in the following accounts in SFY 2014 upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts within the price limitation and amend the related terms of the contracts without further approval from Governor and Executive Council.

05-95-49-491510-2989 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, GOVERNOR COMMISSION FUNDS (100% General Funds)

05-95-49-491510-2990 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, CLINICAL SERVICES (34.4% General 65.6% Federal)

Please see attachment for financial details

EXPLANATION

The requested action seeks approval of 15 of 17 agreements that represent \$7,596,887 of the \$7,741,314 total anticipated to be spent state-wide to provide a continuum of substance abuse treatment services via the accounting codes listed. These services include community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children. This request seeks to exercise the renewal option that exists within each of the vendor contracts. The Department anticipates that the remaining two agreements will be presented to Governor and Executive Council on June 19, 2013.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, these contracts will continue to allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 3 of 4

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

The vendors were originally selected for this agreement through a competitive bid process. This request covers services for the period July 1, 2013 to June 30, 2014, and anticipates exercising the option to renew for one additional year as provided all of the previous vendor contracts, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with the listed vendors in State Fiscal Year 2013 in the amount of \$7,741,314 in the aggregate. This agreement represents level funding of all vendors.

The following performance measures will be used to measure the effectiveness of the agreements:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for I intensive outpatient treatment services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 4 of 4

Contractors, with the exception of those agencies that only offer outpatient services, are required to develop the capacity for group recovery support aftercare services for a minimum of 25% of the number treatment clients (including outpatient and transitional living program clients) they are under contract to serve. Group recovery support aftercare services are services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Recovery Support Services include, but are not limited to, guidance in financial management, parenting, vocational training, life management and spiritual counseling as well as transportation and child-care. These group recovery support services are for clients discharged from substance use disorder treatment services provided under contract with the Bureau of Drug and Alcohol Services on behalf of the Department, which may include clients that had received SUD treatment from the Contractor or a different agency. Contractors are only allowed to access these services for their clients or clients that had received substance use disorder treatment from a different agency through the statewide care coordination program under agreement with the Bureau of Drug and Alcohol Services on behalf of the Department.

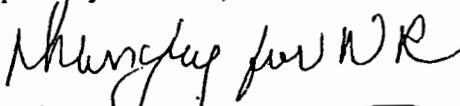
All treatment programs under contract with the Bureau of Drug and Alcohol Services on behalf of the Department are required to report on the National Outcome Measures (see attached) established by the Substance Abuse and Mental Health Services Administration, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the Electronic Health Record/Web Infrastructure Treatment System. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions. The Contractor is expected to meet or exceed these percentages as measured by the Electronic Health Record/Web Infrastructure Treatment System.

Area served: State-wide

Source of Funds: 52.6% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant and 47.4% General .

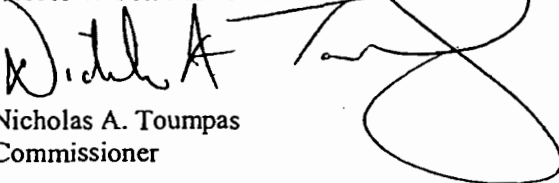
In the event that the Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate
Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

May 25, 2012

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

Approved by: G+C
Date: 6/20/12
Item No.: 109
Contract No.: 1024228

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug & Alcohol Services, to enter into an agreement with The Mental Health Center of Greater Manchester, Inc. (Vendor #177184 B001), 401 Cypress Street, Manchester, NH 03103, to provide for a continuum of substance abuse treatment services, in an amount not to exceed \$27,114.00 to be effective July 1, 2012 or date of Governor and Council approval, whichever is later, through June 30, 2013. Funds are available in the following accounts for State Fiscal Year 2013:

05-95-95-958410-5365 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, ALCOHOL AND OTHER TREATMENT

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95846501	\$12,377.00
			Subtotal	\$12,377.00

05-95-95-958410-1388 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT AND PREVENTION, GOVERNOR

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95848501	\$6,083.00
			Subtotal	\$6,083.00

05-95-95-958410-1387 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, TREATMENT-PREVENTION-STATE

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95841387	\$8,654.00
			Subtotal	\$8,654.00
			Total	\$27,114.00

EXPLANATION

The purpose of this agreement is to provide a continuum of substance abuse treatment services such as community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children, in the Manchester area.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, this contract will allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

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- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

The Mental Health Center of Greater Manchester was selected for this agreement through a competitive bid process. A Request for Proposals was posted on the Department's web site on March 6, 2012 through April 2, 2012. In addition, a bidder's conference was held on March 12, 2012.

A total of 19 proposals were received. A review committee of three professionals reviewed each proposal. All reviewers have between three to twenty years experience managing agreements with vendors for various public health programs. Areas of specific expertise include: maternal and child health; substance abuse prevention and treatment; chronic and communicable diseases; and public health infrastructure. Eighteen of the proposals were selected for funding based on review criteria that included availability of funds, consistency with stated funding priorities, technical score, and equitable geographic distribution. The agency that was not selected did not meet the minimum scoring criteria established for funding. The Bid Summary is attached.

This request covers services for the period July 1, 2012 to June 30, 2013, with an option to renew for one additional year, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with this agency in State Fiscal Year 2012 in the amount of \$27,114.00. This agreement represents level funding.

The following performance measures will be used to measure the effectiveness of the agreement:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services (OP)
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services (IOP) – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for IOP services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Area served: Manchester.

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
May 25, 2012
Page 4 of 4

Source of Funds: 45.65% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant, 51.16% General Funds and 3.19% Other (Highway) Funds.

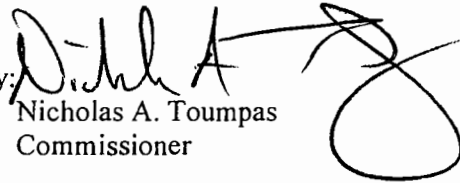
In the event that the Federal or Other Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner



NLR/df

RFP/RFP CRITERIA	Max Pts	15	14.00	13.00	15.00	15.00	13.00	11.00	12.00	14.00	15.00	13.00	15.00	13.00	12.00	15.00	12.00	13.00	13.00	13.00
Experience and Capacity	15																			
Approach	50	42.00	46.00	48.00	48.00	47.00	47.00	41.00	42.00	46.00	40.00	43.00	48.00	45.00	42.00	48.00	38.00	42.00	42.00	27.00
Budget	25	24.00	25.00	25.00	24.00	23.00	20.00	23.00	22.00	18.00	25.00	19.00	24.00	16.00	22.00	22.00	23.00	23.00	23.00	15.00
Financial Sustainability	10	7.50	8.30	9.00	10.00	7.00	6.90	7.50	8.30	9.30	9.00	6.50	9.50	7.20	6.50	7.50	7.20	8.30	8.30	5.60
Total	100	88.00	97.00	97.00	97.00	90.00	86.00	82.00	84.00	88.00	89.00	82.00	97.00	81.00	83.00	93.00	81.00	87.00	87.00	58.00

BUDGET REQUEST	\$120,236	\$85,000	\$27,207	\$406,796	\$2,221,666	\$1,750,112	\$185,000	\$245,963	\$30,000	\$153,454	\$244,501	\$2,615,553	\$513,951	\$1,329,336	\$87,567	\$747,691	\$930,630
BUDGET AWARDED	\$86,303	\$74,406	\$28,022	\$322,530	\$1,120,699	\$756,238	\$185,000	\$245,963	\$30,000	\$153,454	\$244,501	\$2,615,553	\$513,951	\$1,329,336	\$87,567	\$747,691	\$930,630

Name	Job Title	Dept/Agency	Qualifications
1 Tyn Rourke	Sub Use Disorders	Grantmaking/GC	Reviewers have
2 Pamela Sullivan	Youth Counselor	SYDC	between 3-20 years
3 Heidi Young	Program Specialist	DCYF	experience managing
4 Bernie Bhulun	Prog. Planner/Rev. Spec.	Family Services	agreements with
5 Alan West, Ph.D.	Psychologist/VA	TX/Co-occurring	vendors for various
6 Mary Miller	Prog. Spec. IV	OCPIH	DHHS and DOC
7 Michelle Riccio	Prog. Spec. IV	DPHS	programs. Areas of
8 Kathleen Hessefort	Internal Auditor I	BDAS/FBO	specific expertise
9 Linda Keller	Administrator I	BDAS-RAD	include Maternal and
10 Michael Lawless	Prog. Spec. IV	BDAS/CSU	Child Health;
11 Bruce Blaney	Regional Coordinator	BDAS-CSU	Substance Abuse
12 Jim Shanalaris	Administrator I	BDAS-FBOU	
13 Linda Parker	Prog. Spec. IV	BDAS-CSU	
14 Rosemary Shannon	Administrator I	BDAS-CSU	
15 Rob O'Hannon	ATR Prog. Spec.	BDAS/ATR	
16 Jaime Powers	Tx&Rec. Serv. Coord.	BDAS/ATR	
17 John Sweeney	Systems Dev.	BDAS/IT	
18 Michael Rodgers	Assistant Administrator	BDAS	
19 Jeffrey Metzger	Sr. Mgt. Analyst	BDAS/PSU	
20 Ann Crawford	Regional Coordinator	BDAS/PSU	
21 Valerie Morgan	Administrator I	BDAS/PSU	

RFP Reviewers



**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services**

**State of New Hampshire
Department of Health and Human Services
Amendment #2 to the Substance Use Disorder Treatment and Recovery Support Services
Contract**

This 2nd Amendment to the Substance Use Disorder Treatment and Recovery Support Services contract (hereinafter referred to as "Amendment 2") dated this 15th day of May 2014, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Phoenix Houses of New England, Inc. (hereinafter referred to as "the Contractor"), a non-profit corporation with a place of business at 99 Wayland Avenue, Suite 100, Providence, RI 02906.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on June 20, 2012, (item # 108) and amended by an agreement (Amendment #1 to the Contract) approved on June 5, 2013, (Item # 102A), 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, the State may amend the Contract by written agreement of the parties; and;

WHEREAS, the parties agree to extend the current contract by one year.

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:

- 1) Amend Form P-37, Block 1.6 to read:
 - a) 05-95-49-491510-29890000-102-500734
 - b) 05-95-49-491510-29900000-102-500734
- 2) Amend Form P-37, Block 1.7 to read June 30, 2015.
- 3) Amend Form P-37, Block 1.8 to read \$4,372,470
- 4) Delete Exhibit A and replace with Exhibit A Amendment #2
- 5) Delete Exhibit B and replace with Exhibit B Amendment #2

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

5/28/14
Date

[Signature]
NAME
TITLE Director

Phoenix Houses of New England, Inc.

5/22/14
Date

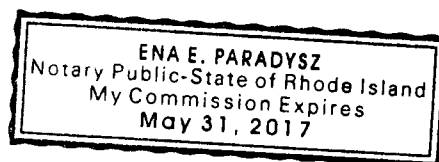
[Signature]
NAME PATRICK B. McNEAHEY
TITLE SR VP, REGIONAL DIRECTOR

Acknowledgement:

State of RHODE ISLAND, County of PROVIDENCE on MAY 22, 2014, 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]
Name and Title of Notary or Justice of the Peace



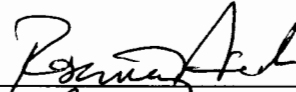
New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

OFFICE OF THE ATTORNEY GENERAL

6-2-14
Date


Name: Rosemary Wiant
Title: Assistant Attorney General

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:



Exhibit A Amendment #2

Scope of Services

A. Population Served

Services are available to New Hampshire residents who meet diagnostic, financial, and other eligibility criteria for Department of Health and Human Services supported substance use disorder services as defined in Section C, Clients Eligible for Treatment Services.

B. The Contractor shall provide treatment services as identified below:

Service Table - An "X" denotes that the Contractor shall provide that service(s) to eligible individuals in accordance with all applicable laws, rules, and regulations and terms and conditions of this Agreement.

Required Services	Treatment Services
	Outpatient Treatment (ASAM Level 1) - Substance abuse treatment services provided in individual and group counseling sessions in a non-residential setting. Clients may be enrolled in outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
	Outpatient Treatment (ASAM Level 1) – Pregnant & Parenting Women – Outpatient Treatment as identified above provided to pregnant & parenting women.
	Intensive Outpatient Treatment (ASAM Level 2.1) – A combination of individual and group substance abuse treatment services conducted in an outpatient setting for a minimum of 3 hours of direct client treatment services per day for a minimum of three days per week. Clients receiving less than this level of service should be enrolled in an outpatient program. Clients may be enrolled in intensive outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
	Intensive Outpatient Treatment (ASAM Level 2.1) – Pregnant & Parenting Women - Intensive Outpatient Treatment as identified above provided to pregnant & parenting women.
X	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Residential substance abuse treatment services are designed to support individuals in the early stages of recovery that need this residential level of care and/or are homeless. The goal of these programs is to prepare clients to become self-sufficient in the community. Clients may be enrolled in low-intensity residential treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days. Residents typically work in the community and may pay a portion of their room and board.
X	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Pregnant Women - Low-Intensity Residential Treatment as identified above provided to

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



Exhibit A Amendment #2

	pregnant & parenting women.
X	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Short-term residential substance abuse treatment designed to assist individuals who require a more intensive level of service in a structured setting and/or individuals that may be homeless. Admission is on a voluntary basis. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Pregnant Women - High-Intensity Residential – Adult and Medium Intensity Residential – Adolescent as identified above provided to pregnant women.
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5) - Residential treatment services for pregnant and parenting women and their children. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Recovery Support Services: Group or individual services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Examples of recovery support services include, but are not limited to: assisting clients with enrollment in Medicaid, the New Hampshire Health Protection Program (NHHP), or private insurance, anger management, financial management, communication skills, spiritual support, parenting skills, health management, case management, organization and time management, recovery coaching, recovery mentoring, stress management, and vocational services. Programs may focus on a single recovery support service or provide a curriculum that includes an array of recovery support services. Types of Recovery Support Services are listed below:
X	Continuous recovery monitoring services are regular follow-ups with clients to assess the status of the client's recovery, identify any needs the client may have and help the client to address those needs, and provide early intervention for client's who have relapsed or who's recovery is otherwise at risk.
	Enhanced Services are specialized services that remove barriers to a client's participation in treatment. Examples of these services are child care while a parent is participating in treatment or transportation to and/or from the treatment site.
X	Recovery Support Services as identified above provided to pregnant & parenting women.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

C. Required Services

Priority Admission:

- 1) The Contractor shall give admission preference to pregnant women and women with dependent children, even if the children are not in their custody, as long as parental rights have not been terminated, including the provision of interim services within the required 48 hour time frame.
- 2) Individuals with a history of injection drug use including the provision of interim services within 14 days.
- 3) Individuals with a primary diagnosis of a substance use disorder, which may also include a co-occurring mental health disorder.
- 4) Individuals on medication-assisted treatment for co-occurring substance abuse and mental health disorders or various opiate replacement therapies, including, but not limited to, methadone, buprenorphine and naltrexone.

Required Outreach:

New Hampshire Department of Health & Human Services (DHHS) programs receiving federal treatment Block Grant funds requires that Contractors must publicize services available to pregnant or parenting women and injection drug users in need of substance abuse treatment and that these individuals receive preference for admission to treatment. This may be done as follows, but is not limited to, street outreach programs, ongoing public service announcements (radio/television), regular advertisements in local/regional print media, posters placed in targeted areas, and frequent notification of availability of such treatment distributed to the network of community based organizations, health care providers and social service agencies. The Contractor will submit their outreach plans to DHHS through the Bureau of Drug and Alcohol Services (BDAS) within 60 days of contract effective date.

Health Facilities Administration Licensing Requirements:

Housing programs with substance abuse treatment services at the same location will need to secure necessary licensing as a Residential Rehabilitation Facility by the DHHS Bureau of Health Facilities Administration, as appropriate, see He-P 807 at the following link: (http://www.gencourt.state.nh.us/rules/state_agencies/he-p800.html). Any contractor with an American Society of Addiction Medicine (ASAM) (October 2013) Level 3.3 or higher level program must secure this licensing for all Level 3 programs housed within the same facility as the Level 3.3 program. In the case of residential treatment and housing at the same site, residential programs should plan to treat no more than 16 pregnant or parenting women at any given time to comply with federal Medicaid restrictions on Institute for Mental Diseases (IMD) exclusion criteria. This restriction would not apply to programs in which the client's residence is in a separate location from the treatment program.

Capacity Reporting:

The Contractor must contact BDAS, as agent for DHHS, when their capacity has reached 90% within 5 business days. The Contractor must refer pregnant women to the State when the Contractor has insufficient capacity to provide services to any such pregnant women who seek the services of the program. Sending e-mail to the BDAS Clinical Services Unit Administrator may complete this notification process.



Exhibit A Amendment #2

Access to Services:

The Contractor shall respond to calls requesting treatment and/or transitional living program services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within 2 business days following the day the call was received.

The Contractor is required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.

Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client should be referred to a DHHS funded provider where they are able to access interim services.

Contractors receiving grant funds from DHHS will not discriminate against clients who are using legitimate medications to assist their recovery and will not have policies that allow them to refuse admission to treatment or to discharge clients from treatment based on the use of appropriately prescribed medications and various opiate replacement therapies, including, but not limited to, methadone and buprenorphine, as well as other forms of medication-assisted treatment for co-occurring substance abuse and mental health disorders.

Clients Eligible for Treatment Services:

In order to be eligible for DHHS supported services, a client must meet all eligibility criteria described below. Eligibility determination shall be conducted as follows:

1. Substance Use Disorder, Financial Eligibility & Residency Screening: The contractor shall complete the eligibility screening module in the Web Information Technology System (WITS) to determine if the client meets residency, financial, and substance use disorder potential eligibility requirements:
 - a. Residency: The client must be a resident of New Hampshire or homeless in New Hampshire to be eligible for DHHS supported services; and
 - b. Financial Eligibility: The client's income must be below 400% of Federal Poverty Level (FPL) to be eligible for DHHS supported services based on the sliding fee scale described below. Once the screening has been completed, the contractor shall print the associated attestation and have the client sign this document. A copy of the signed attestation shall be maintained in the client file. The client's financial eligibility shall be reassessed no less than every 120 days.; and
 - c. Potential for a Substance Use Disorder: The client must screen positive for a potential substance use disorder to be eligible for DHHS funded services.
2. Evaluation: The contractor shall conduct a full substance abuse evaluation, which includes administration of either the Addiction Severity Index (ASI) in WITS or Global Appraisal of Individual Needs (GAIN).
 - a. Substance Use Disorder: This evaluation shall be used to determine if the client meets Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM5) criteria for a substance use disorder. Clients who meet DSM5 criteria for a substance use disorder are eligible for DHHS funded services. Client who do not meet these criteria are not eligible for DHHS funded services.



Exhibit A Amendment #2

- b. Level of Care: For clients who have met all other eligibility requirements, this evaluation shall be used to determine the appropriate level of care for the client based on ASAM (October 2013) criteria. The client is eligible for DHHS funded services at the assessed level of care unless such a level of care is unavailable or the client chooses to enter a lower level of care. If the assessed level of care is unavailable, the client may choose to enter the next higher level of care.
3. Medicaid/NHHPP Eligibility: The contractor shall determine whether or not the client is eligible for Medicaid/NHHPP coverage for the identified level of care. If the client is not eligible for Medicaid/NHHPP coverage for the identified level of care, the client may be eligible for DHHS funded services. If the client is eligible for Medicaid/NHHPP coverage for the identified level of care, the client is not eligible for DHHS funded services.
4. Insurance Coverage: The contractor shall determine whether or not the client has insurance that will cover services at the identified level of care. If the client does not have insurance that will reimburse for these services at a rate equal to or greater than the DHHS rate, the client is eligible for DHHS funded services. If the client has insurance that will reimburse for these services at an amount equal or greater to the DHHS reimbursement rate, the client is not eligible for DHHS funded services. The contractor may not charge the combination of the client, any 3rd party payor, and DHHS more than the maximum charge allowed. These parties shall be charged in the following order:
 - a. The maximum allowed charge will be billed to the client's insurer, if applicable.
 - b. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
 - c. The balance of the maximum allowed charge after deducting the client's portion and the insurance payment, if applicable, shall be charged to DHHS.

Sliding Fee Scale:

The contractor shall not charge the combination of the client, any 3rd party payor and BDAS an amount greater than the maximum rate allowed for each service. All reasonable efforts shall be made to collect payment of bills. A client's inability to pay shall not preclude admission to the program and treatment.

- Client Income is 0% - 138% of FPL: 100% of the allowed charge less any amount paid for by insurance.
- Client Income is 139% - 149% of FPL: 92% of the allowed charge less any amount paid for by insurance.
- Client Income is 150% - 199% of FPL: 88% of the allowed charge less any amount paid for by insurance.
- Client Income is 200% - 249% of FPL: 75% of the allowed charge less any amount paid for by insurance.
- Client Income is 250% - 299% of FPL: 60% of the allowed charge less any amount paid for by insurance.
- Client Income is 300% - 349% of FPL: 43% of the allowed charge less any amount paid for by insurance.
- Client Income is 350% - 399% of FPL: 33% of the allowed charge less any amount paid for by insurance.



Exhibit A Amendment #2

With respect to minority age individuals, a minor child shall not be denied services as a result of the parent's unwillingness to pay the fee or the minor child's decision to receive confidential services pursuant to RSA 318-B:12-a.

Waiting List Management:

When a person who is pregnant or an injection substance abuser seeks treatment and there are no appropriate treatment services available within the required time frame as outlined below, interim services **must** be made available. The Contractor agrees to maintain the wait list management system in WITS that includes a unique patient identifier and include information on dates of requests for admission to treatment, provision of interim services and source for those services, referrals made for treatment or interim services, and disposition of clients on the waiting list.

- The waiting list must contain a mechanism that identifies and counts the number of applicants who present and are determined to be appropriate for substance abuse treatment but are unable to be placed as there is no capacity;
- Maintain contact with individuals awaiting admission; and,
- Admit or transfer waiting list clients at the earliest possible time to an appropriate treatment program within a reasonable geographic area.

The Contractor shall remove a client awaiting treatment from the waiting list only when one of the following conditions exists:

- Such persons cannot be located for admission into treatment *or*
- Such persons refuse treatment.

Specific Interim Services for Pregnant Women, Women with Dependent Children and Injection Drug Users:

The Contractor agrees to contact the BDAS Clinical Services Unit if a pregnant women and women with dependent children or individuals with a history of injection drug use, cannot be accepted into treatment within specific time frames, and agrees that interim services will be provided or facilitated by the Contractor. Interim services for pregnant women must include counseling on the effects of alcohol and drug use on the fetus, referrals for prenatal care, and counseling and education about HIV and tuberculosis. Interim services for injection drug users must also include counseling and education in the risks of needle sharing, about the risks of transmission to sexual partners and infants, and referral for HIV, Hepatitis C and tuberculosis screening/testing. All interim services shall be documented in the client's clinical record in the WITS system.

Interim Services for other Clients:

The Contractor shall provide, or refer the client to, interim services until level of service identified in the level of care assessment is available and/or the client is willing and assessed as being sufficiently motivated to take advantage of the proposed level of service or interim services. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client shall be referred to a DHHS funded provider where they are able to access interim services.

Services to pregnant and parenting women:

The Contractor further agrees that childcare will be made available to women who are in treatment with their dependent children, either through on-site care or through arrangements with an off-site legal childcare provider. Other services required are as follows:



Exhibit A Amendment #2

- The family is treated as a unit and, therefore, admits both women and their children into treatment services, if appropriate.
- The Contractor shall provide or arrange for primary medical care for women who are receiving substance abuse services, including prenatal care.
- The Contractor shall provide or arrange for childcare while the women are receiving services even if the children are not in their custody, as long as parental rights have not been terminated.
- The Contractor shall provide or arrange for primary pediatric care for the women's children, including immunizations.
- The Contractor shall provide or arrange for gender-specific substance abuse treatment and other therapeutic interventions for women that may address issues of relationships, sexual abuse, physical abuse, and parenting, and childcare while the women are receiving these services.
- The Contractor shall provide or arrange for therapeutic interventions for children in custody of women in treatment, which may, among other things, address the children's developmental needs, their issues of sexual and physical abuse, and neglect.
- The Contractor shall provide or arrange for sufficient case management and transportation services to ensure that the women and their children have access to the services provided for above.
- If a pregnant, pregnant injection drug using or Injection Drug Using person refuses treatment or says (s)he is not interested in treatment, the wait list report shall be completed with the engagement activities attempted.
- If a pregnant, pregnant injection drug using or Injection Drug Using person no shows or cancels treatment, interim services must be provided, as stipulated above and the wait list report shall be completed that demonstrates the activities of follow up, engagement and substance abuse treatment services offered.

Relationship(s) with Primary Health Care:

The Contractor shall arrange and coordinate services and exchange of information with other health care providers and agencies which:

- Identifies the client's current Primary Care Provider (PCP) at screening and/or intake.
- If the client has no current PCP, the Contractor shall identify available provider(s) in the client's local area such as a federally qualified community health center, community health center, or other local health services.
- Obtains client/patient authorization to communicate with PCP office.
- If no authorization is completed initially, the Contractor shall educate client as to the importance of engaging the PCP in ongoing care and address the client's concerns as part of treatment, with goal of obtaining authorization before discharge.
- Sends the discharge summary to PCP and offers to discuss recovery issues with the provider.
- Arranges (or has the client arrange) a post-discharge appointment with PCP for the client/patient for follow-up of the substance use disorder.

Tobacco Cessation:

The Contractor shall have policies and procedures for both client and Contractor staff, that not only creates a tobacco-free environment as required by law, but to offer tobacco cessation tools and programming. Tobacco use, in and of itself, shall not be grounds for administrative discharge from the program. Initially, all clients shall be assessed for motivation in stopping the use of tobacco products. Providers may tap into resources such as the DPHS Tobacco Prevention & Control Program (TPCP) and

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

the certified tobacco cessation counselors available through the QuitLine. Other resources for providers include:

Breathe New Hampshire
145 Hollis St., Unit C
Manchester, NH 03101
603-669-2411 (phone) or 1-800-835-8647

The New Hampshire Medicaid program covers:

- Nicotine Replacement Therapy (NRT) Gum,
- NRT Patch,
- NRT Nasal Spray,
- NRT Lozenge,
- NRT Inhaler,
- Varenicline (Chantix),
- Bupropion (Zyban),
- Group Counseling and/or
- Individual Counseling. Up to 12 individual counseling sessions are covered per year through a mental health provider (Note: These sessions would NOT be in addition to other mental health counseling sessions under Medicaid). Pregnant women also have the option of group counseling. For more information, visit the website at: <http://www.dhhs.state.nh.us/DHHS/MEDICAIDPROGRAM/default.htm>

Tuberculosis:

The Contractor shall make available tuberculosis services (defined as screening, counseling, testing, and treatment) directly, or through other providers, to each client receiving treatment. In the case of an individual denied admission due to lack of capacity, the substance abuse treatment Contractor will refer the individual to another provider of tuberculosis services if appropriate. All Contractor providing residential services shall make available, either on-site or through agreements with health care providers, tuberculosis services, including screening, testing, counseling and referral for medical treatment.

Physical location and facilities:

For the purpose of providing the services described in Section II of the Scope of Services, the Contractor shall obtain and maintain a suitable space complying with all fire, health, and safety codes to include handicapped accessibility and being wheelchair accessible.

The Contractor shall obtain written prior approval of DHHS, acting through BDAS, before entering into any agreement concerning relocation of the service site.

Culturally and Linguistically Appropriate Standards of Care:

DHHS recognizes that culture and language have considerable impact on how consumers access services. Culturally and linguistically diverse populations experience barriers in efforts to access services. To ensure equal access to quality services, DHHS expects that Contractors shall provide culturally and linguistically appropriate services according to the following guidelines:

1. Assess the ethnic/cultural needs, resources and assets of their community.
2. Promote the knowledge and skills necessary for staff to work effectively with consumers with respect to their culturally and linguistically diverse environment.

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3. When feasible and appropriate, provide clients of Limited English Proficiency (LEP) with interpretation services. Persons of LEP are defined as those who do not speak English as their primary language and whose skills in listening to, speaking, or reading English are such that they are unable to adequately understand and participate in the care or in the services provided to them without language assistance.
4. The Contractor is responsible for reasonable accommodations in arranging for interpreter services for hearing impaired clients.
5. The Contractor offers consumers or clients a forum through which those individuals have the opportunity to provide feedback to the Contractor regarding cultural and linguistic issues that may deserve response.

Compliance with State and Federal Laws:

The Contractor is responsible for compliance with all relevant state and federal laws. Special attention is called to the following statutory responsibilities:

1. All services provided pursuant to this Contract shall be subject to the most current proposed or formalized rules and regulations promulgated by DHHS, pursuant to RSA 541-A.
2. The Contractor shall maintain adherence to federal and state confidentiality laws specifically: 42 CFR Part 2B, N.H. RSA 318 B:12 and N.H. RSA 172:8-A and the Health Insurance Portability and Accountability Act (HIPAA): <http://www.hhs.gov/ocr/privacy/>
3. The Contractor shall meet the standards outlined in NH Administrative Rule He-A 300, Certification and Operation of Alcohol and other Drug Disorder Treatment Programs. This administrative rule is currently expired and under revision. The Contractor should plan to meet the requirements as outlined in the expired rule until the revisions are completed. He-A 300 can be viewed on the RFP link to this document <http://www.dhhs.nh.gov/business/rfp/index.htm>.
4. The Contractor shall, upon the direction of the State, provide court-ordered evaluation in their catchment area and a sliding scale fee shall apply and the inability to pay shall not interfere with the completion and submission of the court-ordered evaluation and shall, upon the direction of the State, offer treatment to those individuals pursuant to RSA 172:13.
5. Contractors considering research, including research conducted by student interns, using individuals served by this contract as subjects must adhere to the legal requirements governing human subjects' research. Contractors must inform the DHHS via contact with BDAS prior to initiating any research involving subjects or participants related to this contract. In addition, research conducted on subjects served by this contract may need to be approved by the New Hampshire Department of Health & Human Services Committee for the Protection of Human Subjects (NH DHHS CPHS) see <http://www.dhhs.nh.gov/ir/b/>

Client Stabilization:

The Contractor will be expected to arrange for medical clearance for all clients receiving treatment services supported by DHHS administered by BDAS to assure that they are not at risk for acute withdrawal from alcohol and certain drugs. The Contractor shall be expected to provide a range of integrated services that include withdrawal management services that follow detoxification guidelines outlined in Treatment Improvement Protocol (TIP) #45, Detoxification and Substance Abuse Treatment and ASAM guidelines.

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Clinical Services:

The Contractor shall provide the following:

- a. A minimum of one (1) substance abuse counselor on site each day of the week during primary treatment hours. The substance abuse counselor shall have a bachelor's degree or equivalent in social work/psychology, guidance or nursing and/or a certificate in the field of addiction studies from an approved educational institution or educational/life experience.
- b. A minimum of one (1) substance abuse support staff on site each day of the week during all hours not covered by a substance abuse counselor. The substance abuse support staff must have a high school or General Equivalency Diploma (GED). Preference is given to individuals who have completed additional courses or taken training in substance use disorders or other health fields.
- c. An intake/admission coordinator on site Monday through Friday of each week. The intake/admission coordinator shall have one (1) years' work experience in the field of addiction studies.
- d. A full-time Executive Director, not filling any of the positions described above.

Evaluation:

The contractor shall conduct a full substance abuse evaluation, which includes administration of either the ASI or GAIN to determine eligibility for services. This evaluation must be updated every 120 days or when the client transitions to a different level of care.

Assessment of Risk for Self-Harm/Suicide: The Contractor shall have policies and practices for assessing risk of self-harm at all phases of treatment, such as at initial contact, during screening, intake, admission, on-going treatment services and at discharge, and a process for referral when necessary to include referrals to mental health services.

The Contractor shall develop policies, programs and protocols in accordance with SAMHSA guidelines as outlined in the Treatment Improvement Protocols (TIPs) and Technical Assistance Publications (TAPs). These publications can be downloaded from <http://www.kap.samhsa.gov/products/manuals/index.htm>.

Use of Best Practices: The Contractor is required to use the Addiction Severity Index (ASI) or Global Appraisal of Individual Needs (GAIN) assessment tools, the SAMHSA/NIDA MATRS treatment-planning model and the WITS electronic case management system.

Care Coordination:

The Contractor is required to assess each client's need/appropriateness for residential transitional living services and to **refer all clients for care coordination services** made available through the Access to Recovery (ATR) initiative administered by the BDAS so long as this initiative remains available on behalf of DHHS that would commence following the initial course of treatment. Contractors are required to address motivational issues with clients for them to participate effectively in the care coordination and recovery support services. Contractors are required to have clients sign the "ATR Client Participation Agreement" (made available by BDAS), indicating that they either agree or opt out of participating in these services. The contractor will facilitate all clients who agree to participate in these services to complete the Client Participation Agreement and upon obtaining a signed release of information, refer clients to an ATR Care Coordinator Program at least two weeks prior to anticipated date of discharge (dis-enrollment) from services. Assessing the need for aftercare services is expected to take place while

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the client is involved within the most recent episode of care, with a referral being made and accepted by the care coordination service prior to the client being discharged.

The Contractor must provide the following for use by the care coordination program:

- Private space for interviewing/meeting with clients.
- Access to internet (either wired or wireless) in the meeting space
- Telephone in the meeting space and
- A contact person at the Contractor's site for logistics.

It is the expectation of the BDAS at DHHS that, upon completion of appropriate signed releases, the Contractor will provide the care coordination program with necessary information from the clinical record (evaluation, treatment plan, progress notes, etc.) for the care coordination program to develop a service plan with the client.

All alcohol and other drug treatment providers under contract with the BDAS on behalf of DHHS are required to address with all clients, the need for continuing services. This includes clinically managed low-intensity treatment programs under contract with the BDAS on behalf of DHHS as well as care coordination and recovery support services made available through DHHS contracted providers; the ATR initiative administered by BDAS, so long as this initiative remains available; and/or any other resources that become available to pay for these services that would commence following the initial course of treatment. The referral for these services should take place prior to discharge from the initial course of treatment.

Relevant Policies and Guidelines:

The services provided for in this agreement shall be in addition to the services provided for in any other agreement between the State of New Hampshire, any of its agencies, or any of its officers, and the Contractor.

Without limiting the generality of any other provisions of this agreement, the Contractor shall cooperate fully with, and answer all questions of representatives of the State conducting any periodic or special review of the performance of the Contractor or any inspection of the facilities of the Contractor.

Publications Funded Under Contract:

All products produced under this contract are in the public domain. All products (written, video, audio) produced, reproduced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution, or use. The Contract shall credit DHHS on all materials produced under this contract.

Student Internships:

The Contractor shall establish policies and procedures related to student interns that address minimum coursework, experience and core competencies for those interns having direct contact with individuals served by this contract. Student interns shall complete an approved ethics course prior to beginning the internship.

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Staff Licensing Requirements:

The ratio of licensed to non-licensed service providers shall be as follows:

Agencies must have at least one Licensed, or Masters Licensed, Alcohol and Drug Counselor (LADC/MLADC) for each two unlicensed counselors providing substance abuse treatment services and a sufficient number of MLADCs or LADCs with the Licensed Clinical Supervision (LCS) credential to adequately provide for clinical supervision of all clinical staff. This requirement shall be met by the Contractor no later than six (6) months after the date of the Contract effective date.

Updated resumes, which clearly indicate the staff member is employed by the Contractor, including current positions of staff supported by funds provided through this Contract, shall be forwarded to the BDAS as agent for DHHS. The documentation shall include a copy of the New Hampshire Alcohol and Drug Counselor License.

Staff Certification Requirements:

In addition to the requirements for LADCs, all Contractor milieu staff in residential settings and transitional living programs and staff providing recovery support aftercare group services shall be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification under RSA 330-C (<http://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XXX-330-C.htm>). Certification must be completed within six (6) months of the contract's approval date.

Staff providing recovery support services are expected to be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification. Peer recovery support services made available through Recovery Community Organizations (RCOs), under agreement with BDAS on behalf of DHHS, shall be provided by individuals certified by those organizations (CRSW not required for peer recovery support services).

Supervision:

Ongoing clinical supervision will include weekly discussion of cases with suggestions for resources or therapeutic approaches, co-therapy, and periodic assessment of progress. When enough candidates are under supervision, group supervision may be included to help optimize the learning experience.

The content of supervision must include knowledge, skills, values, and ethics with specific application to the practice issues faced by the supervisee, including the core functions as described in the Twelve Core Functions of Alcohol and Drug Counseling.

The content of supervision must also include the standards of practice and ethical conduct, with particular emphasis given to the counselor's role and appropriate responsibilities, professional boundaries, and power dynamics.

Staffing Changes:

BDAS as agent for DHHS shall be notified of changes in key personnel with updated resumes that clearly indicate the staff member is employed by the Contractor submitted within five (5) working days. Key personnel are those staff for whom at least 10% of their work time is spent providing alcohol or other drug abuse treatment services.

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1. New Hires: The Contractor shall notify BDAS on behalf of DHHS in writing within one month of hire when a new administrator or coordinator or any staff person essential to carrying out this scope of services is hired to work in the program. A resume of the employee, which clearly indicates the staff member is employed by the Contractor, shall accompany this notification.

2. Vacancies: The Contractor shall notify BDAS on behalf of DHHS in writing within 14 calendar days, if at any time, any site funded under this agreement does not have adequate staffing to perform all required services for more than one month.

Other Requirements:

The Contractor shall attend trainings and/or meetings as requested by DHHS.

ATR and Recovery Support Services:

All DHHS funded treatment and recovery support service providers must also be approved Access to Recovery (ATR) providers, so long as the ATR initiative remains available, as this will be the source of funding for these recovery support services through the Voucher Management System (VMS). Information on becoming an ATR provider can be found on the DHHS website: <http://www.dhhs.nh.gov/dcbcs/bdas/atr/becomingprovider.htm>

Regional Network Participation:

The Contractor will designate administrative level staff to regularly participate in the Regional Network and contribute to overall regional network strategic planning, monitoring, evaluation, and cross systems communication efforts. The Contractor is highly encouraged to serve on one of the work groups and contribute to data collection, regional strategic planning and evaluation. Participation will be measured by the annual Partner Survey (<http://www.partnertool.net/>) administered by NH Center for Excellence under contract with BDAS as agent for DHHS.

Performance Measures:

All treatment programs under contract with BDAS on behalf of DHHS are required to report on the National Outcome Measures (NOMs) established by the SAMHSA, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the WITS (electronic case management) system. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions.

Data and Reporting Requirements:

1. Without limiting the generality of any other provisions of this agreement, the Contractor shall provide any periodic or special reports required by the DHHS.
2. The Contractor shall notify BDAS, as an authorized agent of DHHS, whenever the Contractor has reached ninety percent capacity to admit new clients. In addition the Contractor shall have a waiting list management policy in accordance with the SAPT Block Grant requirements. This 90% notification process will become automatic when this operation is fully functional in WITS.
3. The Contractor shall notify DHHS through BDAS, within one working day, if sufficient capacity is not available to provide treatment services to a pregnant woman, parenting woman or injection drug user within the required time frames and a referral elsewhere is not successful and interim services cannot be provided.

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4. The Contractor shall comply with all research and/or information systems development activities for the electronic case management/Web Information Technology System (CM/WITS) conducted by, or authorized by, DHHS.
5. The Contractor shall administer any client surveys, client evaluations including the addiction Severity Index (ASI) or the Global Appraisal of Individual Needs (GAIN), client treatment outcome instruments, the M.A.T.R.S. Treatment Planning Tool, as required by DHHS.
6. The Contractor must have the ability to communicate and submit required reports via the Web-based submission system and/or e-mail, for treatment s and recovery support services and interim services. All required clinical and documentation activities shall be entered in WITS unless specifically granted an exception by BDAS on behalf of DHHS.

Critical Incident/Sentinel Event Reporting:

The Department's Sentinel Event policy is contained in the following link:
<http://www.dhhs.nh.gov/dcbcs/sentinel.htm>

Division of Community Based Care Services (DCBCS) Sentinel Event Notification:

The preceding events require the immediate verbal notification to the BDAS Assistant Administrator or Clinical Services Unit Administrator upon the discovery of a sentinel event involving an individual(s) receiving services through a DHHS substance use disorder treatment Contractor.

Since the initial and immediate verbal notification of a sentinel event is likely to include protected health information (PHI) as identified below, the Contractor of services to individuals receiving services funded by the DHHS shall disclose PHI in a private and secure manner. Contractors and vendors should not leave voice-mail messages, but instead make direct telephone contact with the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee. If direct telephone contact is not possible, a voice mail message may be left without protected health information, such as medications and relevant medical and psychiatric diagnoses. As soon as possible after the initial verbal notification, the Contractor will mail or fax a completed *Sentinel Event Reporting Form* as directed in this protocol.

Notification shall include the following:

1. Name and phone number of the individual reporting.
2. Name, date of birth (DOB), medications and all relevant medical and psychiatric diagnoses of individual(s) involved;
3. Location, date, and time of event;
4. Description of the event including what, when, where, how, and other relevant information and identification of any other individuals involved;
5. Legal status of the individual involved with regard to guardianship and power of attorney;
6. Community, guardian, family and/or families' knowledge of the event; and
7. Contractor contact person and contact information.

It shall be the responsibility of the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee to notify the DCBCS Quality Improvement Director by e-mail as soon as the BDAS Clinical Administrator or designee becomes aware a Sentinel Event has occurred. The DCBCS Quality Improvement Director shall make immediate notification to the Commissioner. Internal e-mails within the Department may contain PHI and all Department employees will utilize safeguards to ensure the privacy

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of the PHI as stated in the DHHS General Manual Health Insurance Portability and Accountability Act (HIPAA) policy #504.

Each DCBCS contractor recognizes its responsibility to report evidence of neglect, abuse or exploitation to the appropriate regulatory agencies as required by RSA 161-F: 42-57 and RSA 169-C:29. In any case of known or suspected neglect, abuse or exploitation, the Contractor aware of the situation shall follow all applicable rules relative to individual rights protection procedures.

Written follow up information is to be forwarded by the reporting Contractor to the appropriate BDAS Administrator listed below within 72 hours by completing the *Sentinel Event Reporting Form*. To protect clients' confidential information, reporting Contractors should submit the *Sentinel Event Reporting Form* either by fax to the BDAS Assistant Administrator or the BDAS Clinical Services Unit Administrator by a mail service that provides delivery confirmation.

Bureau of Drug and Alcohol Services
Assistant Administrator
105 Pleasant Street
Concord, NH 03301
Or by fax to the BDAS Administrator's Office at 271-6105;

Follow-up information is the responsibility of the Contractor and should be submitted in a way as to protect clients' confidential information such as by mail with delivery confirmation and should include:

1. The *Sentinel Event Reporting Form*(www.dhhs.nh.gov/dcbcs/documents/sentinelform.pdf);
2. Additional details as they are learned or if the status of the situation changes; and,
3. Copies of newspaper articles.

Additionally, DHHS requires critical incident reporting. The Contractor shall report all critical incidents/sentinel events to the BDAS Clinical Services Unit Administrator immediately via telephone. Every effort shall be made to reach the BDAS administrator directly. If a voice message is necessary, sufficient provider contact information shall be provided so that DHHS is able to reach the reporter, or other responsible staff, immediately.

A critical incident includes, but is not limited to, any child or adult protective services report to the Division of Children, Youth and Families (DCYF), or the Bureau of Elderly and Adult Services (BEAS), respectively, regarding any incident involving 1) a staff/employee to youth or client, 2) youth to youth, or 3) client to client. This includes incidents that occur while a client is on leave, or on a pass, from the Contractor and may be off site at the time the incident occurred.

A sentinel event is an unexpected occurrence involving the death or serious physical or psychological injury, or risk thereof, signaling the need for immediate investigation and response.

Death or any serious injury or medical emergency regarding staff or clients that requires emergency medical attention (EMT or other emergency personnel at the Contractor's site, or a hospital emergency room visit), or any crime reportable to law enforcement, or any other serious incident must also be reported to DHHS as described below.



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Reportable sentinel events include, but are not limited to, any occurrence that meets any of the following criteria:

1. An unanticipated death or permanent loss of function, not related to the natural course of an individual's illness or underlying condition.
2. Homicide or suicide of any individual receiving DHHS funded care, treatment or services, that had been discharged from a Department funded program or facility within 30 days of the event, or has been evaluated by a service Contractor within the preceding 30 days;
3. Sexual assault or rape of any individual receiving DHHS funded care, treatment or services by another client or employee of any Department funded program or facility where there is an act that was witnessed or there is sufficient clinical evidence obtained by the Contractor to support allegation of nonconsensual sexual contact.
4. Unauthorized departure of an individual receiving DHHS funded services, from a facility providing care, resulting in death or permanent loss of function.
5. Medication error that results in death, paralysis, coma, or other permanent loss of function.
6. Delay or failure to provide DHHS funded Contractor services that result in death or permanent loss of function.
7. Abuse as a result of the willful infliction of injury, unreasonable confinement, intimidation, or punishment with resulting physical harm, or mental anguish. This includes staff neglect or indifference to infliction of injury or intimidation of one individual by another.
8. Neglect as a result of the failure to provide the goods and services necessary to avoid physical harm, mental anguish or mental illness.
9. Assault of or by a client of the Contractor that results in the injury of the person or another person of such severity that medical attention is required.
10. Arson resulting in property loss.
11. High profile events, which may include media coverage and/or police involvement.

On-Site Reviews:

1. The Contractor shall allow a team or person authorized by DHHS to periodically review the Contractor's systems of governance, administration, data collection and submission, clinical, and financial management in order to assure systems are adequate to provide the contracted services.
2. Reviews shall include, but not be limited to, client record reviews to measure compliance with this exhibit.
3. The Contractor shall make corrective actions as advised by the review team if contracted services are not found to be provided in accordance with this exhibit.
4. DHHS staff shall contact the Contractor in advance of the site visit, so that the Contractor shall have sufficient time to prepare any guidance/reporting systems or logs that will be reviewed at the site visit.

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Exhibit B Amendment #2

Method and Conditions Precedent to Payment

The State shall pay the Contractor an amount not to exceed the Price Limitation, block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services, and in accordance with Exhibit B.

Funding for this Agreement is funded by various sources as a percentage of the total amount of \$1,457,490 as follows:

- 46 % Federal Funds from the Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant (CFDA #93.959);
- 22 % General Governor's Commission on Alcohol and Drug Abuse Prevention, Intervention and Treatment Funds; and
- 32 % General funds.

I. Payment Methodology

The Contractor shall be reimbursed for providing and delivering the services listed in Exhibit A, paragraph B. The following terms and conditions detailed in this Exhibit B shall apply to all services unless expressly stated otherwise.

The Contractor shall agree to use and apply all contract funds from the State for costs and expenses as detailed in the Service Reimbursement Table below. Allowable costs and expenses shall be determined by the State in accordance with applicable state and federal laws and regulations. Starting in State Fiscal Year 2015 (effective July 1, 2014) the contractor will receive a payment for each service at the rates and within the limits described below. For clients receiving DHHS supported services, the contractor may not charge the client, any 3rd party payor, and DHHS a combined rate that is more than the rate established by BDAS for that level of service or any other fees. These parties shall be charged in the following order:

1. The maximum allowed charge will be billed to the client's insurer, if applicable.
2. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
3. The balance of the maximum allowed charge, after deducting the client's portion and insurance payment, if applicable, shall be charged to DHHS.

Service Reimbursement Table - A check mark indicates the services and corresponding rates the Contractor will be reimbursed for.

Check mark indicates applicable service	Service	DHHS Established Rate	Service Limit
X	Evaluation	\$225	1 every 90 days
	Outpatient – Individual	\$18.75/unit***	\$190 of combined individual & group/week
	Outpatient – Group	\$5.00/unit	
	Intensive Outpatient*	\$80.00/day	\$320 (4 days)/week
X	Low-Intensity Residential – Adult	\$100.00/day	\$700 (7 days) /week



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X	Low-Intensity Residential – Adolescent	\$128.00/day	\$896 (7 days) /week
X	High-Intensity Residential – Adult	\$130.00/day	\$910 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Room & Board Only	\$66.00/day	\$462 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Clinical Services	\$162.60/day	\$1138.20 (7 days) /week
X	Medium Intensity Residential – Adolescent	\$170.00/day	\$1190 (7 days) /week
	Recovery Support Services		
X	Individual	\$15.00/unit	\$160 of combined individual & group/week
X	Group	\$5.00/unit	
X	Continuous Recovery Monitoring – Attempted**	\$15.00/contact	\$60 of combined attempted and completed/month for the first 6 months post discharge
X	Continuous Recovery Monitoring – Completed	\$15.00/contact	
	Enhanced Services	Varied	

* Providers may bill the per diem rate for Intensive Outpatient Treatment services only on those days when the client attends individual and/or group counseling associated with the program. It is expected that each day of attendance includes a minimum of 3 hours of group and/or individual counseling services.

**Attempted Contact is at least 3 attempts to contact a client over the course of at least one week.

*** A unit is equal to 15 minutes of service

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. Failure to meet this requirement may result in amendment to or termination of the contract. At a minimum, contractors must provide the array of services they contracted to provide for in SFY14.

1. Performance Incentives:

A. Access to Services:

Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received and shall conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact. For each client who screens eligible for



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services and starts receiving services, whether for the identified level of care or interim services, within 10 business days following the eligibility screening, the treatment contractor will receive an incentive payment of \$75.00. Access incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

B. Completion:

For each client who is discharged from the program because they have completed treatment or transferred to another treatment provider as recorded in the Discharge Type field of the WITS Discharge Module, the treatment contractor will receive an incentive payment of \$75.00. Completion incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

C. Client Outcomes:

If a client who was discharged from the program meets at least 3 of the Outcome criteria below in the 3rd and/or 6th month post-discharge, as evidenced by the WITS Follow-Up module, the treatment contractor will receive an incentive payment in the amount of \$50. The 3rd month post discharge is considered to be 60 – 120 days post discharge. The 6th month post discharge is considered to be 150 – 210 days post discharge. Outcomes incentives will be calculated and paid on a monthly basis for clients meeting criteria in the previous calendar month. It is expected that at least 50% of discharged clients will be contacted for 3 and/or 6 month follow-up over the contract year.

- i. Abstinence: The client reports reduced or no substance use in the past 30 days.
- ii. Employment/Education: The client reports increased or retained employment or the client reports returning to or staying in school.
- iii. Crime and Criminal Justice: The client reports no arrests in the past 30 days.
- iv. Stability in Housing: The client reports being in stable housing.
- v. Social Connectedness: The client reports engagement in Recovery Support Services, Care Coordination, and/or Community Based Support Groups in the past 30 days.

D. Performance Incentive Payout Limits:

Performance incentives are limited to no more than 6% of the total contract amount annually. The total amount paid out during the contract year will never exceed the total contract amount. DHHS is not obligated to make payment for any incentives that occur outside of the current contract year; however, incentives may be carried over to future contract years at the discretion of DHHS.

2. Failure to Meet Deliverables:

The Contractor shall comply with all contract requirements as detailed in Exhibit A section B, Required Services. Upon determination that Contractor may not be meeting the required deliverables, within two (2) weeks BDAS will provide a written correction action plan. Within two (2) weeks of notification of the corrective action plan, Contractor will provide a written remedial plan. BDAS will monitor the corrective actions for 60 days. Failure to meet requirements of the corrective action plan within 60 days may result in withholding of any or all payments or termination of the contract.

3. Invoicing & Billing:

All billing shall be completed via the WITS system according to protocols established by BDAS.



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The Contractor shall have written authorization from the State prior to using contract funds to purchase or lease any equipment with a cost in excess of two thousand five hundred dollars (\$2500) and with a useful life beyond one year.

II. Allocation of Funding:

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. The contractor is prohibited from spending down more than the sum of the total contract amount that includes the cost of the client services and related incentives.

III. Availability of Alternative Funding:

The New Hampshire Department of Health and Human Services may terminate or amend the contract should alternate third party payors, including Medicaid, the New Hampshire Health Protection Program and/or insurance available on the New Hampshire Insurance Exchange cover any of the services included in this contract.

IV. Limitations and restrictions of federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds:

The Contractor agrees to use the SAPT funds as the payment of last resort.

Restrictions on SAPT Block Grant on State and Contractor expenditures include:

The State may not:

- Provide inpatient hospital services except under those conditions outlined in the regulations.
- Make cash payments to intended recipients of substance abuse services.
- Purchase or improve land.
- Purchase, construct, or permanently improve buildings or other facilities.
- Purchase major medical equipment.
- Satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds. (in-kind)
- Provide financial assistance to any entity other than a public or non-profit private entity.
- Provide individuals with hypodermic needles or syringes.
- Expend more than the amount of Block Grant funds expended in FFY91 for treatment services provided in penal or correctional institutions of the State.

The Contractor shall not:

- Use any federal funds provided under this contract for the purpose of conducting testing for the etiologic agent for Human Immunodeficiency Virus (HIV) unless such testing is accompanied by appropriate pre and post-test counseling.
- Use any federal funds provided under this contract for the purpose of conducting any form of needle exchange, free needle programs or the distribution of bleach for the cleaning of needles for intravenous drug abusers.

V. Charitable Choice:



Exhibit B Amendment #2

Federal Charitable Choice statutory provisions ensure that religious organizations are able to equally compete for Federal substance abuse funding administered by SAMHSA, without impairing the religious character of such organizations and without diminishing the religious freedom of SAMHSA beneficiaries (see 42 USC 300x-65 and 42 CFR Part 54 and Part 54a, 45 CFR Part 96, Charitable Choice Provisions and Regulations). Charitable Choice statutory provisions of the Public Health Service Act enacted by Congress in 2000 are applicable to the SAPT Block Grant program. No funds provided directly from SAMHSA or the relevant State or local government to organizations participating in applicable programs may be expended for inherently religious activities, such as worship, religious instruction, or proselytization. If an organization conducts such activities, it must offer them separately, in time or location, from the programs or services for which it receives funds directly from SAMHSA or the relevant State or local government under any applicable program, and participation must be voluntary for the program beneficiaries.

- VI. Notwithstanding paragraph 18 of the General Provisions of this Agreement P-37, an amendment limited to adjusting amounts within the budgets and within the price limitation, can be made by written agreement of both parties and may be made without obtaining approval of Governor and Executive Council.

The remainder of this page is intentionally left blank.

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 PHOENIX HOUSES OF NEW ENGLAND, INC., a(n) Rhode Island nonprofit corporation, registered to do business in New Hampshire on June 14, 1972. 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 11th day of April, A.D. 2014

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

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

I, Peter H. Hurley, do hereby certify that:
(Name of the elected Officer of the Agency; cannot be contract signatory)

1. I am a duly elected Officer of Phoenix Houses of New England, Inc.
(Agency Name)

2. The following is a true copy of the resolution duly adopted at a meeting of the Board of Directors of
the Agency duly held on May 15, 2014 :
(Date)

RESOLVED: That the Executive Director
(Title of Contract Signatory)

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

3. The forgoing resolutions have not been amended or revoked, and remain in full force and effect as of
the 23rd day of MAY, 2014.
(Date Contract Signed)

4. Patrick B. McEneaney is the duly elected Senior Vice President, Regional Director
(Name of Contract Signatory) (Title of Contract Signatory)

of the Agency.

Peter H. Hurley
(Signature of the Elected Officer)

STATE OF RHODE ISLAND

County of Providence

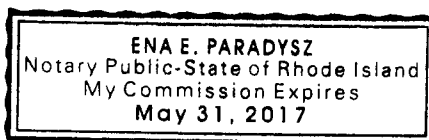
The forgoing instrument was acknowledged before me this 23rd day of MAY, 2014,

By PETER H. HURLEY
(Name of Elected Officer of the Agency)

Ena E. Paradysz
(Notary Public/Justice of the Peace)

(NOTARY SEAL)

Commission Expires: 5/31/17



99 Wayland Avenue, Suite 100 T 401 331 4250
Providence, RI 02906-4314 F 401 421 5520
www.phoenixhouse.org



Phoenix House

May 27, 2014

Mr. James Kalasky

Program Specialist

Department of Health and Human Services

129 Pleasant Street

Concord, New Hampshire 03301

Dear Mr. Kalasky:

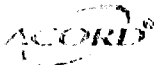
This intent of this letter is to clarify Patrick's McEneaney's title as it pertains to the resolution passed at the meeting of the Board of Directors of Phoenix Houses of New England, Inc. held on May 15, 2014. Mr. McEneaney is the Executive Director of Phoenix Houses of New England. He is also the Senior Vice President, Regional Director of Phoenix House. He is duly authorized to enter into and execute contracts on behalf of Phoenix House per the certificate of vote signed by Peter H. Hurley, Secretary of the Board on May 23, 2014.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ena E. Paradysz', with a stylized, cursive script.

Ena E. Paradysz

Executive Assistant



CERTIFICATE OF LIABILITY INSURANCE

Page 1 of 1

DATE (MM/DD/YYYY)
06/26/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Willis of New York, Inc. c/o 26 Century Blvd. P. O. Box 305191 Nashville, TN 37230-5191	CONTACT NAME: PHONE (A/C, NO., EXT.): 877-945-7378 FAX (A/C, NO.): 888-467-2378 E-MAIL: certificates@willis.com ADDRESS: INSURER(S) AFFORDING COVERAGE INSURER A: Philadelphia Indemnity Insurance Company INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	NAIC # 18058-001
INSURED Phoenix Houses of New England, Inc. 99 Wayland Avenue #100 Providence, RI 02906-4314		

COVERAGES**CERTIFICATE NUMBER:** 20004880**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADD'L INSRD	SUB WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PRO-JECT ☐ LOC AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON OWNED AUTOS			PHPK1038746	7/1/2013	7/1/2014	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 50,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGG \$ 3,000,000
A	☒ UMBRELLA LIAB ☒ OCCUR EXCESS LIAB CLAIMS-MADE DED ☒ RETENTION \$ 10,000			PHUB425361	7/1/2013	7/1/2014	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE/OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below Y/N N/A						WC STATUTORY LIMITS OTHER E L EACH ACCIDENT \$ E L DISEASE - EA EMPLOYEE \$ E L DISEASE - POLICY LIMIT \$
A	Professional Liability			PHPK1038746	7/1/2013	7/1/2014	\$1,000,000 Each Medical Incident \$3,000,000 Aggregate Limit

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES (Attach Acord 101, Additional Remarks Schedule, if more space is required)

State of New Hampshire is included as additional insured (Except Worker Compensation) where required by written contract and allowed by law.

JUL 3 2013**CERTIFICATE HOLDER****CANCELLATION**

State of New Hampshire Div of Public Health Svcs
29 Hazen Drive
Concord, NH 03301

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

AUTHORIZED REPRESENTATIVE



CERTIFICATE OF LIABILITY INSURANCE

3/30/2015

DATE (MM/DD/YYYY)
3/28/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Lockton Insurance Brokers, LLC 725 S. Figueroa Street, 35th Fl. CA License #0F15767 Los Angeles CA 90017 (213) 689-0065	CONTACT NAME: PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE INSURER A: New Hampshire Insurance Company INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	
INSURED 1364887 Phoenix House of New England Inc. 99 Wayland Avenue, Suite 100 Providence, RI 02906-4313	NAIC # 23841	

COVERAGES PHOHO01

CERTIFICATE NUMBER: 10495291

REVISION NUMBER: XXXXXXXX

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY ☐ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☐ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PRO-JECT ☐ LOC			NOT APPLICABLE			EACH OCCURRENCE \$ XXXXXXXX DAMAGE TO RENTED PREMISES (Ea occurrence) \$ XXXXXXXX MED EXP (Any one person) \$ XXXXXXXX PERSONAL & ADV INJURY \$ XXXXXXXX GENERAL AGGREGATE \$ XXXXXXXX PRODUCTS - COM/OP AGG \$ XXXXXXXX \$
	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☐ HIRED AUTOS ☐ NON-OWNED AUTOS			NOT APPLICABLE			COMBINED SINGLE LIMIT (Ea accident) \$ XXXXXXXX BODILY INJURY (Per person) \$ XXXXXXXX BODILY INJURY (Per accident) \$ XXXXXXXX PROPERTY DAMAGE (Per accident) \$ XXXXXXXX \$
	UMBRELLA LIAB ☐ OCCUR EXCESS LIAB ☐ CLAIMS-MADE ☐ DED ☐ RETENTION \$			NOT APPLICABLE			EACH OCCURRENCE \$ XXXXXXXX AGGREGATE \$ XXXXXXXX \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below Y/N ☒ N N/A		N	WC 025052519 (NH, VT)	3/30/2014	3/30/2015	X WC STATU-TORY LIMITS ☐ OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
10 days notice of cancellation for non-payment of premium. This certificate supersedes previous version issued on 3/19/2012.

CERTIFICATE HOLDER

CANCELLATION

10495291

State of New Hampshire
Department of Health & Human Services
105 Pleasant St.
Concord, NH 03301

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

AUTHORIZED REPRESENTATIVE

Financial Statements Together with
Report of Independent Certified Public Accountants

PHOENIX HOUSES OF NEW ENGLAND, INC.

June 30, 2013 and 2012

PHOENIX HOUSES OF NEW ENGLAND, INC.

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Audit • Tax • Advisory

Grant Thornton LLP
666 Third Avenue, 13th Floor
New York, NY 10017-4011

T 212.599.0100
F 212.370.4520
www.GrantThornton.com

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Phoenix Houses of New England, Inc.:

We have audited the accompanying financial statements of Phoenix Houses of New England, Inc. (“PH New England”), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these 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 our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material aspects, the financial position of Phoenix Houses of New England, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York

November 15, 2013

PHOENIX HOUSES OF NEW ENGLAND, INC.

Statements of Financial Position

As of June 30, 2013 and 2012

ASSETS	2013	2012
Cash and cash equivalents	\$ 303,027	\$ 543,517
Due from government agencies, net of allowance of approximately \$297,000 and \$29,000 in 2013 and 2012, respectively	2,680,260	2,917,500
Contributions receivable, net (Note 4)	107,751	133,963
Other receivables, net of allowance of approximately \$393,000 and \$375,000 in 2013 and 2012, respectively	743,450	669,808
Prepaid expenses and other assets	229,990	199,199
Notes receivable (Note 5)	175,000	175,000
Property and equipment, net (Note 6)	4,555,608	4,709,653
Total assets	<u>\$ 8,795,086</u>	<u>\$ 9,348,640</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 984,244	\$ 896,022
Due to government agencies	7,461	54,946
Revolving loan fund (Note 8)	100,000	100,000
Due to Parent (Note 3)	2,181,067	2,614,293
Long-term debt (Note 7)	256,813	277,147
Total liabilities	<u>3,529,585</u>	<u>3,942,408</u>
Commitments and contingencies (Note 12)		
NET ASSETS		
Unrestricted	5,126,412	5,250,025
Temporarily restricted (Note 10)	139,089	156,207
Total net assets	<u>5,265,501</u>	<u>5,406,232</u>
Total liabilities and net assets	<u>\$ 8,795,086</u>	<u>\$ 9,348,640</u>

The accompanying notes are an integral part of these financial statements.

PHOENIX HOUSES OF NEW ENGLAND, INC.

Statement of Activities

For the year ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
OPERATING REVENUES AND SUPPORT			
Government contract revenue	\$ 14,482,032	\$ -	\$ 14,482,032
Client and third-party revenue (Note 9)	6,772,080	-	6,772,080
Donated goods and services	215,422	-	215,422
Grants and contributions	145,599	-	145,599
Special event revenue, net of costs of direct benefits to donors of approximately \$16,000	98,642	-	98,642
Other revenue	28,616	-	28,616
Net assets released from restrictions	17,118	(17,118)	-
Total operating revenues and support	<u>21,759,509</u>	<u>(17,118)</u>	<u>21,742,391</u>
OPERATING EXPENSES			
Program services	18,749,274	-	18,749,274
Supporting services	3,083,966	-	3,083,966
Total operating expenses	<u>21,833,240</u>	<u>-</u>	<u>21,833,240</u>
Changes in net assets from operating activities	(73,731)	(17,118)	(90,849)
NONOPERATING ACTIVITIES			
Depreciation non-operational	<u>(49,882)</u>	<u>-</u>	<u>(49,882)</u>
Total nonoperating activities	<u>(49,882)</u>	<u>-</u>	<u>(49,882)</u>
Changes in net assets	(123,613)	(17,118)	(140,731)
Net assets, beginning of year	<u>5,250,025</u>	<u>156,207</u>	<u>5,406,232</u>
Net assets, end of year	<u>\$ 5,126,412</u>	<u>\$ 139,089</u>	<u>\$ 5,265,501</u>

The accompanying notes are an integral part of this financial statement.

PHOENIX HOUSES OF NEW ENGLAND, INC.

Statement of Activities

For the year ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
OPERATING REVENUES AND SUPPORT			
Government contract revenue	\$ 13,774,941	\$ -	\$ 13,774,941
Client and third-party revenue (Note 9)	5,817,157	-	5,817,157
Donated goods and services	216,834	-	216,834
Grants and contributions	112,728	23,555	136,283
Special event revenue, net of costs of direct benefits to donors of approximately \$16,000	154,845	-	154,845
Other revenue	96,405	-	96,405
Net assets released from restrictions	56,017	(56,017)	-
Total operating revenues and support	<u>20,228,927</u>	<u>(32,462)</u>	<u>20,196,465</u>
OPERATING EXPENSES			
Program services	17,334,738	-	17,334,738
Supporting services	2,812,780	-	2,812,780
Total operating expenses	<u>20,147,518</u>	<u>-</u>	<u>20,147,518</u>
Changes in net assets from operating activities	81,409	(32,462)	48,947
NONOPERATING ACTIVITIES			
Contributions - capital	-	588	588
Depreciation - non-operational	(93,085)	-	(93,085)
Net assets released - capital expenditures	394	(394)	-
Capital assets acquired under government grants	380,018	-	380,018
Contribution received in acquisition of Rhode Island Council on Alcoholism and Other Drug Dependence (Note 1)	185,486	-	185,486
Other	(380,018)	-	(380,018)
Total nonoperating activities	<u>92,795</u>	<u>194</u>	<u>92,989</u>
Changes in net assets	174,204	(32,268)	141,936
Net assets, beginning of year	<u>5,075,821</u>	<u>188,475</u>	<u>5,264,296</u>
Net assets, end of year	<u>\$ 5,250,025</u>	<u>\$ 156,207</u>	<u>\$ 5,406,232</u>

The accompanying notes are an integral part of this financial statement.

PHOENIX HOUSES OF NEW ENGLAND, INC.
Statement of Functional Expenses
For the year ended June 30, 2013

[illegible]

The accompanying notes are an integral part of this financial statement.

PHOENIX HOUSES OF NEW ENGLAND, INC.

Statement of Functional Expenses

For the year ended June 30, 2012

	Program Services				Supporting Services		
	Residential Treatment Services	Ambulatory Treatment Services	Healthcare Services	Prevention and Education Services	Administration and General	Fund-raising	Direct Benefits to Donors
					Total		Total
Salaries	\$ 5,879,942	\$ 2,299,581	\$ 808,338	\$ 90,490	\$ 9,078,351	\$ 38,358	\$ 1,211,762
Employee benefits and payroll taxes	1,628,137	645,704	233,313	24,488	2,531,642	10,825	315,345
Consulting and contractual services	430,197	251,708	84,181	2,117	768,203	39,895	321,174
Resident sustenance	745,145	3,090	76,454	-	824,689	2,141	16,480
Occupancy costs	1,098,329	250,414	91,149	560	1,440,452	16,274	147,519
Vehicle costs	206,658	25,992	10,207	-	242,857	-	65,506
Communications	402,428	125,463	41,336	94	569,321	7,154	67,091
Office and program supplies	334,084	60,227	86,077	1,515	481,903	21,531	74,287
Insurance	154,876	43,321	20,783	1,257	220,237	372	16,934
Travel	63,803	88,073	40,491	2,010	194,377	5,481	49,758
Interest	25,074	-	-	-	25,074	-	-
Miscellaneous	141,825	27,150	5,602	716	175,293	2,724	6,629
Repairs and maintenance	223,298	28,549	47,201	-	299,048	1,291	9,161
Depreciation and amortization	380,192	39,133	63,966	-	483,291	1,167	15,009
Administrative charges from Parent	-	-	-	-	-	-	512,000
Total functional expenses	11,713,988	3,888,405	1,609,098	123,247	17,334,738	147,213	2,828,655
Less: Costs of direct benefits to donors for special event	-	-	-	-	-	-	(15,875)
Total expenses reported by function	\$ 11,713,988	\$ 3,888,405	\$ 1,609,098	\$ 123,247	\$ 17,334,738	\$ 147,213	\$ 2,812,780
							\$ 20,147,518

The accompanying notes are an integral part of this financial statement.

PHOENIX HOUSES OF NEW ENGLAND, INC.

Statements of Cash Flows

For the years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (140,731)	\$ 141,936
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Amortization of present value discount on contributions receivable	-	(1,008)
Provision for doubtful accounts	285,319	79,122
Depreciation and amortization	578,584	591,385
Contributions restricted for capital expenditures	-	(588)
Contribution received in acquisition of RICAODD	-	(185,486)
Cash received in acquisition of RICAODD	-	231,488
Changes in operating assets and liabilities:		
Due from government agencies	(669,461)	28,277
Contributions receivable	26,212	17,185
Other receivables	547,740	(929,854)
Prepaid expenses and other assets	(30,791)	35,468
Accounts payable and accrued expenses	111,310	212,615
Due to government agencies	(47,485)	(95,534)
Due to Parent	(433,226)	923,055
Net cash provided by operating activities	<u>227,471</u>	<u>1,048,061</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(424,539)	(499,723)
Distributions on notes receivable	-	(100,000)
Net cash used in investing activities	<u>(424,539)</u>	<u>(599,723)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for capital expenditures	-	588
Principal payments on capital lease	(23,088)	(39,394)
Principal payments on long-term debt	(20,334)	(17,295)
Net cash used in financing activities	<u>(43,422)</u>	<u>(56,101)</u>
Net (decrease) increase in cash and cash equivalents	(240,490)	392,237
Cash and cash equivalents, beginning of year	543,517	151,280
Cash and cash equivalents, end of year	<u>\$ 303,027</u>	<u>\$ 543,517</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 19,782	\$ 25,074
Assets acquired pertaining to acquisition of RICAODD	\$ -	\$ 303,224
Debt assumed pertaining to acquisition of RICAODD	\$ -	\$ 100,000

The accompanying notes are an integral part of these financial statements.

PHOENIX HOUSES OF NEW ENGLAND, INC.

Notes to Financial Statements

June 30, 2013 and 2012

1. ORGANIZATION

Phoenix Houses of New England, Inc. ("PH New England") is a Section 501(c)(3) not-for-profit organization, exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the "Code"). PH New England is also exempt from state and local taxes under similar provisions. PH New England was established in order to operate therapeutic treatment centers for the rehabilitation of drug and substance abusers throughout New England.

Phoenix House Foundation, Inc. (the "Parent") is the sole member of PH New England and the following affiliated organizations: Phoenix Houses of New York, Inc. and Affiliates (which consists of Phoenix Houses of New York, Inc. and Phoenix Houses of Long Island, Inc.); Phoenix Houses of California, Inc. and Affiliates (which consists of Phoenix Houses of California, Inc.; Phoenix Houses of Los Angeles, Inc.; Phoenix House Orange County, Inc.; and Phoenix House San Diego, Inc.); Phoenix Houses of the Mid-Atlantic, Inc. and Affiliate (which consists of Phoenix Houses of the Mid-Atlantic, Inc. and Phoenix Houses of Mid-Atlantic Property Management, Inc.); Phoenix Programs of Florida, Inc.; Phoenix Houses of Texas, Inc.; American Council for Drug Education, Inc.; Center on Addiction and the Family, Inc.; and Phoenix Houses of New Jersey, Inc.

PH New England's Board of Directors voted on September 23, 2010 to approve the terms and conditions of an Asset Purchase Agreement (the "Agreement") with Rhode Island Council on Alcoholism and Other Drug Dependence ("RICAODD"). Under the agreement, PH New England would assume all assets and liabilities of RICAODD. The final Agreement was signed February 8, 2012, with an effective date of April 1, 2012.

In connection with the acquisition and in accordance with ASC 958-805, a valuation of the assets and liabilities of RICAODD was conducted. Accordingly, contribution revenue was recognized equal to the difference between the previous carrying value of the assets acquired and their fair value, net of liabilities assumed, also at fair value, and has been included on the accompanying 2012 statement of activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the net assets of PH New England and changes therein are classified and reported based upon the existence or absence of donor-imposed restrictions as follows:

- Unrestricted net assets represent expendable resources that are used to carry out PH New England's operations and are not subject to donor-imposed stipulations.
- Temporarily restricted net assets represent resources that contain donor-imposed restrictions that permit PH New England to use or expend such resources only as or when specified. Restrictions are satisfied either by the passage of time or by actions of PH New England.

PHOENIX HOUSES OF NEW ENGLAND, INC.

Notes to Financial Statements

June 30, 2013 and 2012

- Permanently restricted net assets represent resources that contain donor-imposed restrictions stipulating that such resources be maintained permanently. PH New England had no permanently restricted net assets at June 30, 2013 and 2012.

Cash and Cash Equivalents

PH New England considers all highly liquid financial instruments, which principally consist of money market funds, with original maturities of three months or less from the date of purchase to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Donated Goods

Donated goods are recorded as revenues and assets (at fair value when received) and expenses (when used) on the statement of activities. Food stamps are recorded at face amount, which is the same as fair value, as revenues and assets and are charged to resident sustenance when expended.

Third-Party Payor Programs

Third-party payor programs in which PH New England participates are based on complex laws and regulations. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Noncompliance with such laws and regulations could result in fines, penalties and exclusion from such programs. PH New England is not aware of any allegations of noncompliance that could have a material adverse effect on the accompanying financial statements and believes it is in compliance with all applicable laws and regulations. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from third-party payor programs.

Property and Equipment

Property and equipment are stated at cost, if purchased, or if donated, at fair value at the date of gift, less accumulated depreciation and amortization. PH New England capitalizes assets acquired for greater than \$1,000 and with useful lives greater than one year. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	4 - 40 years
Furniture, fixtures and equipment	3 - 7 years
Computer equipment and vehicles	3 - 5 years

PHOENIX HOUSES OF NEW ENGLAND, INC.

Notes to Financial Statements

June 30, 2013 and 2012

Furniture, fixtures and equipment acquired under capital lease arrangements are amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the asset.

Revenue and Support

Contributions (including unconditional promises to give) are recorded at fair value when received. Revenues and expenses relative to special events are recognized upon occurrence of the respective event. Contributions received with donor stipulations that limit the use of the donated assets are reported as either temporarily or permanently restricted support. Unconditional promises to give, with payments due in future years, are reported as either temporarily restricted or permanently restricted support and discounted to present value. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restrictions. Contributions restricted by donors for the acquisition of property and equipment are generally released from their restrictions when the respective assets are acquired or constructed and placed in service, and are reported as part of nonoperating activities on the statement of activities.

PH New England's contracts and other program funding arrangements with government agencies are classified as part of operating activities within the unrestricted net asset category and revenue is recognized when earned. Client and third-party revenue (including Medicare and Medicaid) is recognized as earned when services are provided.

Government Contract Revenue

PH New England operates under various contracts with government agencies which generally cover a one-year period, subject to annual renewal. The terms of these contracts allow the grantors the right to audit the costs incurred thereunder and adjust contract funding based upon, among other things, the amount of program income received. Any costs disallowed by the grantor would be absorbed by PH New England and any adjustments by grantors would be recorded when amounts are known; however, it is the opinion of management that disallowances, if any, would not be material to the accompanying financial statements.

Program Services

Residential treatment services are costs associated with providing residential care and treatment to clients. Ambulatory treatment services are costs associated with providing treatment on an outpatient basis to clients. Healthcare services are costs associated with providing primary medical and dental treatment to clients. Prevention and education services are costs associated with the dissemination of educational materials related to substance abuse prevention and community outreach activities.

Supporting Services

Supporting services represent costs for administrative and general support activities not directly related to providing rehabilitation services. Fundraising includes the salaries and related expenses of employees involved in fundraising activities.

PHOENIX HOUSES OF NEW ENGLAND, INC.

Notes to Financial Statements

June 30, 2013 and 2012

Operating Indicator

The accompanying statements of activities distinguish between operating and nonoperating activities. PH New England's contracts and other program funding arrangements with government agencies, donated goods, grants and contributions, special event revenue and related expenses, other revenue and net assets released from restrictions for program activities are classified as part of operating activities. Other items which are unusual in nature or nonrecurring such as capital contributions and related net asset releases from restrictions, assets acquired under government grants and the related depreciation, and indirect cost recoveries are reflected below the operating indicator on the accompanying statements of activities.

Concentration of Credit Risk

Financial instruments that potentially subject PH New England to concentrations of credit risk consist principally of cash and cash equivalents. PH New England maintains its cash and cash equivalents in various bank deposit accounts that, at times, may exceed federally insured limits. PH New England's cash and cash equivalents were placed with high credit quality financial institutions at June 30, 2013 and 2012, and PH New England believes the risk of nonperformance by these financial institutions is remote.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, contributions receivable, prepaid expenses and other assets, and accounts payable and accrued expenses reported on the accompanying statements of financial position approximate fair value due to the short maturity of these financial instruments. The carrying value of amounts due from government agencies and other receivables approximates net realizable value and has been reduced by an appropriate allowance for doubtful accounts based on historical collection experience.

PH New England follows guidance that establishes a framework for measuring fair value and expanding disclosures about fair value measurements. This guidance provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction. PH New England prioritizes, within the measurement of fair value, the use of market-based information over entity specific information and uses a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of the respective asset or liability as of the measurement date.

Assets and liabilities, subject to the standard, measured and reported at fair value on a recurring basis are classified and disclosed in one of the following categories:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. The type of investments in Level 1 include listed equities held in the name of the entity, and exclude listed equities and other securities held indirectly through commingled funds.
- Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

PHOENIX HOUSES OF NEW ENGLAND, INC.

Notes to Financial Statements

June 30, 2013 and 2012

Level 3 - Pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments, partnership and similar interests.

Under this hierarchy, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability at the reporting date. As of June 30, 2013 and 2012, PH New England did not have any financial instruments that were subject to leveling under this fair value hierarchy.

Income Taxes

Guidance in the area of “*Accounting for Uncertainty in Income Taxes*,” under the Financial Accounting Standards Board (FASB) Accounting Standard Codification, clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This standard provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The standard also provides guidance on measurement, classification, interest and penalties, and disclosure. The adoption of this standard by PH New England has not had an impact on the accompanying financial statements. The tax years ended 2010, 2011, 2012 and 2013 are still open to audit for both federal and state purposes. PH New England has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and, to identify and evaluate other matters that may be considered tax positions.

Reclassification

Certain 2012 balances, specifically receivables of approximately \$639,000, which were previously included as part of 2012 Other Receivables, have been reclassified and are now presented as part of Due from Government Agencies to conform to the 2013 financial statement presentation. Such reclassifications did not change total assets, liabilities, revenues or expenses or changes in net assets as reflected on the 2012 financial statements.

Subsequent Events

PH New England evaluated its subsequent events through November 15, 2013, the date these financial statements were available to be issued.

3. RELATED PARTY TRANSACTIONS

PH New England is charged for administrative services provided by its Parent based upon a cost allocation plan. The administrative expenses charged by the Parent approximate the federally approved indirect cost rate for the Parent and its affiliates on a consolidated basis, adjusted to reflect PH New England’s own administrative expenses. During the years ended June 30, 2013 and 2012, such allocated charges totaled \$512,000, each year, and are included as part of supporting services expenses on the accompanying statements of activities and functional expenses.

PHOENIX HOUSES OF NEW ENGLAND, INC.

Notes to Financial Statements

June 30, 2013 and 2012

Amounts reflected as due to Parent on the accompanying statements of financial position of approximately \$2,181,000 and \$2,614,000 as of June 30, 2013 and 2012, respectively, relate to costs incurred by PH New England but paid for by the Parent.

4. CONTRIBUTIONS RECEIVABLE

At June 30, 2013 and 2012, PH New England's contributions receivable, net, consists approximately of the following:

	<u>2013</u>	<u>2012</u>
Amounts expected to be collected:		
In less than one year	<u>\$ 108,000</u>	<u>\$ 134,000</u>

Multi-year pledges received are recorded at the present value of their expected future cash flows using a credit adjusted discount rate which articulates with the collection period of the respective pledge. Discount rates assigned to multi-year pledges are not subsequently adjusted.

5. NOTES RECEIVABLE

During May 2012, PH New England entered into a lease and promissory agreement with Central Vermont Community Land Trust ("CVCLT"), a non-profit corporation existing under the laws of the State of Vermont. In conjunction with a new program, PH New England agreed to lease a facility from CVCLT for twenty years. As part of the lease agreement, PH New England entered into a non-interest bearing note of \$100,000 payable by CVCLT and secured by a mortgage of and security interest in the property in Barre, Vermont. The principal of this note does not bear interest nor will any principal be due at any time during which the lease between PH New England and CVCLT is in effect and for a period beginning on the date of termination of the lease and ending on the last day of the twelfth calendar month after such date. The principal due shall be reduced by \$5,000 each year for the initial twenty year term of the lease, beginning with the commencement of the new program, beginning July 1, 2013. In the event the lease is in effect throughout the entire initial 20 year term, the note shall be deemed paid in full upon the conclusion of such term. In the event the lease terminates prior to the conclusion of the initial lease term, then the remaining principal shall be due and payable on the last day of the twelfth full calendar month following termination of the lease. Interest shall begin to accrue on such remaining principal balance beginning on the first day of the first month following the due date at a rate equal to the U.S. Department of the Treasury One Year Treasury Bill Rate in effect on the due date. At June 30, 2013 and 2012, the balance of this note receivable was \$100,000.

During July 2010, PH New England entered into a lease and promissory agreement with Burlington Housing Authority ("BHA"), a housing authority existing under the laws of the State of Vermont and the City of Burlington. In conjunction with a new program, PH New England agreed to lease a facility from BHA for twenty-five years. As part of the lease agreement, PH New England entered into a non-interest bearing note of \$75,000 due and payable by BHA on the last day of the twelfth full calendar month immediately following the termination of the lease. Interest accrues on the principal balance of this note, beginning on the first day of the first month following the Due Date, at a rate equal to the One Year Treasury Bill rate in effect on that date. At June 30, 2013 and 2012, the balance of this note receivable was \$75,000.

PHOENIX HOUSES OF NEW ENGLAND, INC.

Notes to Financial Statements

June 30, 2013 and 2012

6. PROPERTY AND EQUIPMENT, NET

At June 30, 2013 and 2012, property and equipment, net, consists approximately of the following:

	2013	2012
Land	\$ 69,000	\$ 69,000
Buildings and improvements	8,923,000	8,533,000
Furniture, fixtures and equipment	1,043,000	1,014,000
Computer equipment	801,000	801,000
Vehicles	45,000	45,000
Construction-in-progress	7,000	2,000
	<u>10,888,000</u>	<u>10,464,000</u>
Less: Accumulated depreciation and amortization	<u>(6,332,000)</u>	<u>(5,754,000)</u>
	<u>\$ 4,556,000</u>	<u>\$ 4,710,000</u>

Included in property and equipment are assets acquired under capital lease arrangements with terms ranging from four to five years. At June 30, 2013 and 2012, furniture acquired under capital lease arrangements had a cost of approximately \$170,000, and accumulated amortization of approximately \$142,000 and \$114,000, respectively. Principal payments related to these capital leases totaled approximately \$23,000 and \$39,000, respectively, for the years ended June 30, 2013 and 2012. Amounts outstanding under these capital leases are included in accounts payable and accrued expenses on the accompanying statements of financial position as of June 30, 2013 and 2012 and totaled approximately \$25,000 and \$48,000, respectively.

7. LONG-TERM DEBT

At June 30, 2013 and 2012, long-term debt consists of the following:

- On May 1, 2007, PH New England entered into a loan agreement with Citizens Bank of Rhode Island in the amount of \$146,000 due in 120 monthly installments with a final balloon payment at the end of the term. The interest rate was fixed at 7.25% for the first five years until June 2012. The rate resets in the fifth year of the loan at a rate equal to the then 5-Year Treasury Constant Maturity rate plus an additional one hundred and seventy-five basis points (175) which resulted in a rate of 2.59% effective June 2012. The proceeds of the loan were used to purchase and renovate a building. Amounts due under the mortgage are secured by the property purchased. At June 30, 2013 and 2012, the balance of this mortgage payable was approximately \$102,000 and \$112,000, respectively.
- On July 18, 2008, PH New England entered into a loan agreement with Citizens Bank of Rhode Island in the amount of \$200,000 due in 120 monthly installments with a final balloon payment, including interest amortized over fifteen years at a rate of 6.465%, through July 2018. The proceeds of the loan were used to purchase and renovate a building in Holyoke, MA. Amounts due under the mortgage are secured by property in Springfield, MA. At June 30, 2013 and 2012, the balance of this mortgage payable was approximately \$155,000 and \$165,000, respectively.

PHOENIX HOUSES OF NEW ENGLAND, INC.

Notes to Financial Statements

June 30, 2013 and 2012

Approximate annual principal payments due on all debt are as follows at June 30, 2013:

2014	\$	22,000
2015		23,000
2016		24,000
2017		85,000
2018		14,000
2019		89,000
	\$	<u>257,000</u>

8. REVOLVING LOAN FUND

In relation to the acquisition of RICAODD, PH New England assumed an agreement, the Rhode Island Revolving Loan Fund Project- R House, with the State of Rhode Island's Department of Mental Health - Retardation and Hospitals. The revolving loan fund program is a federally mandated program established to provide financial assistance loans to residents of group homes for recovering substance abusers. The State of Rhode Island has provided PH New England with \$100,000 to fund these interest-free loans. The revolving loan fund account increases with interest earned on funds on deposit and decreases as a result of uncollectible loans. The loan fund assets are recorded within cash and cash equivalents and other receivables on the accompanying 2013 statement of financial position.

9. CLIENT AND THIRD-PARTY REVENUE

For the years ended June 30, 2013 and 2012, client and third-party revenue consists approximately of the following:

	<u>2013</u>	<u>2012</u>
Healthcare services	\$ 2,075,000	\$ 2,064,000
Food stamps	269,000	248,000
Private insurance and client payments	3,068,000	2,085,000
Client fees	1,077,000	1,115,000
School lunch program	85,000	82,000
Education, tutoring, and other	<u>198,000</u>	<u>223,000</u>
	<u>\$ 6,772,000</u>	<u>\$ 5,817,000</u>

PHOENIX HOUSES OF NEW ENGLAND, INC.

Notes to Financial Statements

June 30, 2013 and 2012

10. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2013 and 2012, temporarily restricted net assets are available for the following purposes:

	<u>2013</u>	<u>2012</u>
Capital initiatives	\$ 63,000	\$ 63,000
Program initiatives	<u>76,000</u>	<u>93,000</u>
	<u>\$ 139,000</u>	<u>\$ 156,000</u>

For the years ended June 30, 2013 and 2012, net assets totaling approximately \$17,000 and \$56,000, respectively, were released for program and capital initiatives.

11. TAX-DEFERRED ANNUITY PLAN

PH New England has a tax-deferred annuity plan, which is sponsored by the Parent, for all eligible employees under Section 403(b) of the Code. PH New England makes contributions equal to 3% to 10% of each active participant's compensation, based on years of service, as defined in the plan agreement. Total contributions to this plan by PH New England for fiscal 2013 and 2012, totaled approximately \$420,000 and \$365,000, respectively.

12. COMMITMENTS AND CONTINGENCIES

Lease Commitments

PH New England leases facilities, vehicles and other equipment under various non-cancelable operating leases expiring at various dates through 2018. Total expense under these leases was approximately \$738,000 and \$642,000 for the years ended June 30, 2013 and 2012, respectively.

Future minimum rental payments due are approximately as follows at June 30, 2013:

2014	\$ 490,000
2015	398,000
2016	224,000
2017	207,000
2018	<u>53,000</u>
	<u>\$ 1,372,000</u>

In addition, PH New England rents certain facilities under operating leases on a month-to-month basis. Rent expense relating to these month-to-month leases totaled approximately \$417,000 and \$353,000 for fiscal 2013 and 2012, respectively.

PHOENIX HOUSES OF NEW ENGLAND, INC.

Notes to Financial Statements

June 30, 2013 and 2012

Litigation

PH New England is contingently liable under various claims which have arisen in the ordinary course of its business. In the opinion of management, the claims will be defended as appropriate and, in certain cases, are adequately covered by insurance. PH New England believes that the resolution of these matters will not have a material effect on its financial position, changes in net assets or cash flows.

Other

PH New England's title to the facility located in Exeter, RI, is subject to a right of reversion held by the State of Rhode Island if PH New England, or its designee, fails at any time within 25 years from the date of execution of the deed to comply with all the terms and conditions set forth in the deed and related attachments. The deed was executed on November 20, 1990. The terms of the deed include, among other pertinent provisions, that the property be used to provide long-term residential drug dependency treatment, provide for the increase of current drug dependency treatment slots, conduct research into efficient treatment methods and length of stay, and provide individual and group counseling and training. PH New England believes that it has and will continue to operate this facility consistent with these stated purposes and has included this facility within property and equipment on the accompanying statements of financial position.



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate
Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

G&C Approved

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

Date 6/5/13

Item # 102A

102A
50.6% Federal
47.4% General

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug and Alcohol Services, to exercise renewal options with vendors by increasing the price limitations by \$7,596,887 in aggregate from \$7,596,890 in aggregate to \$15,193,777 in aggregate for a continuum of substance abuse treatment services state-wide and extending the completion date from June 30, 2013 to June 30, 2014, effective July 1, 2013 or date of Governor and Council approval, whichever is later.

Summary of contracted amounts by vendor:

<u>Vendor</u>	<u>Amount</u>
Child and Family Services of New Hampshire	\$86,803
Concord Hospital, Inc.	\$74,406
Families First of the Greater Seacoast	\$28,922
Families in Transition	\$332,530
Greater Nashua Council on Alcoholism	\$1,356,945
Headrest, Inc.	\$251,450
Horizons Counseling Center, Inc.	\$189,576
Manchester Alcoholism Rehabilitation Center	\$1,120,599
The Mental Health Center of Greater Manchester, Inc.	\$27,114
Monadnock Family Services	\$97,819
Northern Human Services	\$199,025
Phoenix Houses of New England, Inc.	\$1,457,490
National Council on Alcoholism and Drug Dependence of Greater Manchester	\$432,468
Southeastern New Hampshire Alcohol and Drug Abuse Services	\$1,329,836
Tri-County Community Action Programs, Inc.	\$611,904
TOTAL	\$7,596,887

Funds to support this request are anticipated to be available in the following accounts in SFY 2014 upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts within the price limitation and amend the related terms of the contracts without further approval from Governor and Executive Council.

05-95-49-491510-2989 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, GOVERNOR COMMISSION FUNDS (100% General Funds)

05-95-49-491510-2990 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, CLINICAL SERVICES (34.4% General 65.6% Federal)

Please see attachment for financial details

EXPLANATION

The requested action seeks approval of 15 of 17 agreements that represent \$7,596,887 of the \$7,741,314 total anticipated to be spent state-wide to provide a continuum of substance abuse treatment services via the accounting codes listed. These services include community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children. This request seeks to exercise the renewal option that exists within each of the vendor contracts. The Department anticipates that the remaining two agreements will be presented to Governor and Executive Council on June 19, 2013.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, these contracts will continue to allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
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In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

The vendors were originally selected for this agreement through a competitive bid process. This request covers services for the period July 1, 2013 to June 30, 2014, and anticipates exercising the option to renew for one additional year as provided all of the previous vendor contracts, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with the listed vendors in State Fiscal Year 2013 in the amount of \$7,741,314 in the aggregate. This agreement represents level funding of all vendors.

The following performance measures will be used to measure the effectiveness of the agreements:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for I intensive outpatient treatment services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
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Contractors, with the exception of those agencies that only offer outpatient services, are required to develop the capacity for group recovery support aftercare services for a minimum of 25% of the number treatment clients (including outpatient and transitional living program clients) they are under contract to serve. Group recovery support aftercare services are services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Recovery Support Services include, but are not limited to, guidance in financial management, parenting, vocational training, life management and spiritual counseling as well as transportation and child-care. These group recovery support services are for clients discharged from substance use disorder treatment services provided under contract with the Bureau of Drug and Alcohol Services on behalf of the Department, which may include clients that had received SUD treatment from the Contractor or a different agency. Contractors are only allowed to access these services for their clients or clients that had received substance use disorder treatment from a different agency through the statewide care coordination program under agreement with the Bureau of Drug and Alcohol Services on behalf of the Department.

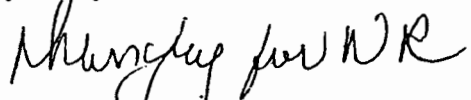
All treatment programs under contract with the Bureau of Drug and Alcohol Services on behalf of the Department are required to report on the National Outcome Measures (see attached) established by the Substance Abuse and Mental Health Services Administration, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the Electronic Health Record/Web Infrastructure Treatment System. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions. The Contractor is expected to meet or exceed these percentages as measured by the Electronic Health Record/Web Infrastructure Treatment System.

Area served: State-wide

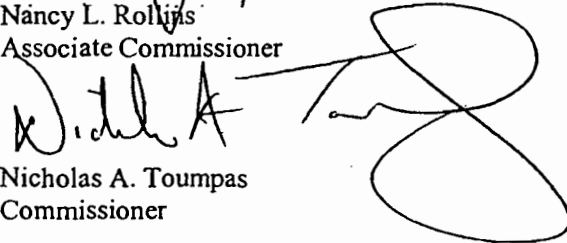
Source of Funds: 52.6% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant and 47.4% General .

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

Respectfully submitted,


Nancy L. Rollins
Associate Commissioner

Approved by:


Nicholas A. Toumpas
Commissioner



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate
Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

May 24, 2012

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

Approved by: GTC
Date: 6/20/12
Item No.: 108
Contract No.: 1024152

REQUESTED ACTION

2001
Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug & Alcohol Services, to enter into an agreement with Phoenix Houses of New England, Inc. (Vendor # 177589), 99 Wayland Ave., Suite 100, Providence, RI 02906, to provide for a continuum of substance abuse treatment services, in an amount not to exceed \$1,457,490.00 to be effective July 1, 2012 or date of Governor and Council approval, whichever is later, through June 30, 2013. Funds are available in the following accounts for State Fiscal Year 2013:

05-95-95-958410-5365 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, ALCOHOL AND OTHER TREATMENT

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95846501	\$670,372.00
			Subtotal	\$670,372.00

05-95-95-958410-1388 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT AND PREVENTION, GOVERNOR

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95848501	\$326,988.00
			Subtotal	\$326,988.00

05-95-95-958410-1387 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, TREATMENT-PREVENTION-STATE

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95841387	\$460,130.00
			Subtotal	\$460,130.00
			Total	\$1,457,490.00

EXPLANATION

The purpose of this agreement is to provide a continuum of substance abuse treatment services such as community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children, in the Statewide.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, this contract will allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

Phoenix Houses of New England, Inc. was selected for this agreement through a competitive bid process. A Request for Proposals was posted on the Department's web site on March 6, 2012 through April 2, 2012. In addition, a bidder's conference was held on March 12, 2012.

A total of 19 proposals were received. A review committee of three professionals reviewed each proposal. All reviewers have between three to twenty years experience managing agreements with vendors for various public health programs. Areas of specific expertise include: maternal and child health; substance abuse prevention and treatment; chronic and communicable diseases; and public health infrastructure. Eighteen of the proposals were selected for funding based on review criteria that included availability of funds, consistency with stated funding priorities, technical score, and equitable geographic distribution. The agency that was not selected did not meet the minimum scoring criteria established for funding. The Bid Summary is attached.

This request covers services for the period July 1, 2012 to June 30, 2013, with an option to renew for one additional year, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with this agency in State Fiscal Year 2012 in the amount of \$1,457,490.00. This agreement represents level funding.

The following performance measures will be used to measure the effectiveness of the agreement:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services (OP)
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services (IOP) – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for IOP services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Area served: Statewide.

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
May 24, 2012
Page 4 of 4

Source of Funds: 45.99% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant, 50.85% General Funds and 3.16% Other (Highway) Funds.

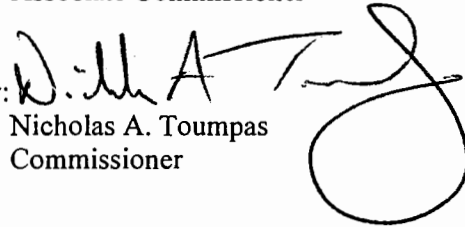
In the event that the Federal or Other Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner

NLR/df

[illegible]

Ref Reviewers

Name	Job Title	Dept/Agency	Qualifications
1 Tyn Rourke	Sub. Use Disorders	Grantmaking/GC	All reviewers have
2 Pamela Sullivan	Youth Counselor	SYDC	between 3-20 years
3 Heidi Young	Program Specialist	DCYF	experience managing
4 Bernice Blum	Prog. Planner/Rev. Spec.	Family Services	agreements with
5 Alan West, Ph.D.	Psychologist/VA	TX/Co-occurring	vendors for various
6 Mary Miller	Prog. Spec. IV	OCPH	DHHS and DOC
7 Michelle Ricco	Prog. Spec. IV	DPHS	programs. Areas of
8 Kathleen Hessefort	Internal Auditor I	BDAS/FBO	specific expertise
9 Linda Keller	Administrator I	BDAS/RAD	include Maternal and
10 Michael Lavless	Prog. Spec. IV	BDAS/CSU	Child Health;
11 Bruce Blaney	Regional Coordinator	BDAS-CSU	Substance Abuse
12 Jim Shanekiris	Administrator I	BDAS-FBOU	
13 Linda Parker	Prog. Spec. IV	BDAS-CSU	
14 Rosemary Shannon	Administrator I	BDAS-CSU	
15 Rob O'Hannon	ATR Prog. Spec.	BDAS/ATR	
16 Jaime Powers	Tx&Rec. Serv. Coord.	BDAS/ATR	
17 John Sweeney	Systems Dev.	BDAS/IT	
18 Michael Rodgers	Assistant Administrator	BDAS	
19 Jeffrey Metzger	Sr. Mngt. Analyst	BDAS/PSU	
20 Ann Crawford	Regional Coordinator	BDAS/PSU	
21 Valerie Morvan	Administrator I	BDAS/PSU	



**State of New Hampshire
Department of Health and Human Services
Amendment #2 to the Substance Use Disorder Treatment and Recovery Support Services
Contract**

This 2nd Amendment to the Substance Use Disorder Treatment and Recovery Support Services contract (hereinafter referred to as "Amendment 2") dated this 15th day of May 2014, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and National Council on Alcoholism and Drug Dependence/Greater Manchester (hereinafter referred to as "the Contractor"), a non-profit corporation with a place of business at 101 Manchester Street, Manchester, NH 03101.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on June 20, 2012, (item # 107) and amended by an agreement (Amendment #1 to the Contract) approved on June 5, 2013, (Item # 102A), 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, the State may amend the Contract by written agreement of the parties; and;

WHEREAS, the parties agree to extend the current contract by one year.

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:

- 1) Amend Form P-37, Block 1.6 to read:
 - a) 05-95-49-491510-29890000-102-500734
 - b) 05-95-49-491510-29900000-102-500734
- 2) Amend Form P-37, Block 1.7 to read June 30, 2015.
- 3) Amend Form P-37, Block 1.8 to read \$1,297,404
- 4) Delete Exhibit A and replace with Exhibit A Amendment #2
- 5) Delete Exhibit B and replace with Exhibit B Amendment #2

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

5/28/14
Date

Sh L Rod
NAME
TITLE Director

National Council on Alcoholism and Drug
Dependence/Greater Manchester

5/22/14
Date

Shawn Drake
NAME
TITLE CEO

Acknowledgement:

State of New Hampshire, County of Hillsborough on May 22, 2014, 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

Jennifer Fontaine
Name and Title of Notary or Justice of the Peace



Contractor Initials: SD
Date: 5/22/14

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

OFFICE OF THE ATTORNEY GENERAL

6-2-14
Date

Rosemary Wiant
Name: Rosemary Wiant
Title: Assistant Attorney General

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:



Exhibit A Amendment #2

Scope of Services

A. Population Served

Services are available to New Hampshire residents who meet diagnostic, financial, and other eligibility criteria for Department of Health and Human Services supported substance use disorder services as defined in Section C, Clients Eligible for Treatment Services.

B. The Contractor shall provide treatment services as identified below:

Service Table - An "X" denotes that the Contractor shall provide that service(s) to eligible individuals in accordance with all applicable laws, rules, and regulations and terms and conditions of this Agreement.

Required Services	Treatment Services
X	Outpatient Treatment (ASAM Level 1) - Substance abuse treatment services provided in individual and group counseling sessions in a non-residential setting. Clients may be enrolled in outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Outpatient Treatment (ASAM Level 1) – Pregnant & Parenting Women – Outpatient Treatment as identified above provided to pregnant & parenting women.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – A combination of individual and group substance abuse treatment services conducted in an outpatient setting for a minimum of 3 hours of direct client treatment services per day for a minimum of three days per week. Clients receiving less than this level of service should be enrolled in an outpatient program. Clients may be enrolled in intensive outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – Pregnant & Parenting Women - Intensive Outpatient Treatment as identified above provided to pregnant & parenting women.
X	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Residential substance abuse treatment services are designed to support individuals in the early stages of recovery that need this residential level of care and/or are homeless. The goal of these programs is to prepare clients to become self-sufficient in the community. Clients may be enrolled in low-intensity residential treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days. Residents typically work in the community and may pay a portion of their room and board.
X	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Pregnant Women - Low-Intensity Residential Treatment as identified above provided to

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



Exhibit A Amendment #2

	pregnant & parenting women.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Short-term residential substance abuse treatment designed to assist individuals who require a more intensive level of service in a structured setting and/or individuals that may be homeless. Admission is on a voluntary basis. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Pregnant Women - High-Intensity Residential – Adult and Medium Intensity Residential – Adolescent as identified above provided to pregnant women.
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5) - Residential treatment services for pregnant and parenting women and their children. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Recovery Support Services: Group or individual services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Examples of recovery support services include, but are not limited to: assisting clients with enrollment in Medicaid, the New Hampshire Health Protection Program (NHHPP), or private insurance, anger management, financial management, communication skills, spiritual support, parenting skills, health management, case management, organization and time management, recovery coaching, recovery mentoring, stress management, and vocational services. Programs may focus on a single recovery support service or provide a curriculum that includes an array of recovery support services. Types of Recovery Support Services are listed below:
X	Continuous recovery monitoring services are regular follow-ups with clients to assess the status of the client's recovery, identify any needs the client may have and help the client to address those needs, and provide early intervention for client's who have relapsed or who's recovery is otherwise at risk.
	Enhanced Services are specialized services that remove barriers to a client's participation in treatment. Examples of these services are child care while a parent is participating in treatment or transportation to and/or from the treatment site.
X	Recovery Support Services as identified above provided to pregnant & parenting women.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

C. Required Services

Priority Admission:

- 1) The Contractor shall give admission preference to pregnant women and women with dependent children, even if the children are not in their custody, as long as parental rights have not been terminated, including the provision of interim services within the required 48 hour time frame.
- 2) Individuals with a history of injection drug use including the provision of interim services within 14 days.
- 3) Individuals with a primary diagnosis of a substance use disorder, which may also include a co-occurring mental health disorder.
- 4) Individuals on medication-assisted treatment for co-occurring substance abuse and mental health disorders or various opiate replacement therapies, including, but not limited to, methadone, buprenorphine and naltrexone.

Required Outreach:

New Hampshire Department of Health & Human Services (DHHS) programs receiving federal treatment Block Grant funds requires that Contractors must publicize services available to pregnant or parenting women and injection drug users in need of substance abuse treatment and that these individuals receive preference for admission to treatment. This may be done as follows, but is not limited to, street outreach programs, ongoing public service announcements (radio/television), regular advertisements in local/regional print media, posters placed in targeted areas, and frequent notification of availability of such treatment distributed to the network of community based organizations, health care providers and social service agencies. The Contractor will submit their outreach plans to DHHS through the Bureau of Drug and Alcohol Services (BDAS) within 60 days of contract effective date.

Health Facilities Administration Licensing Requirements:

Housing programs with substance abuse treatment services at the same location will need to secure necessary licensing as a Residential Rehabilitation Facility by the DHHS Bureau of Health Facilities Administration, as appropriate, see He-P 807 at the following link: (http://www.gencourt.state.nh.us/rules/state_agencies/he-p800.html). Any contractor with an American Society of Addiction Medicine (ASAM) (October 2013) Level 3.3 or higher level program must secure this licensing for all Level 3 programs housed within the same facility as the Level 3.3 program. In the case of residential treatment and housing at the same site, residential programs should plan to treat no more than 16 pregnant or parenting women at any given time to comply with federal Medicaid restrictions on Institute for Mental Diseases (IMD) exclusion criteria. This restriction would not apply to programs in which the client's residence is in a separate location from the treatment program.

Capacity Reporting:

The Contractor must contact BDAS, as agent for DHHS, when their capacity has reached 90% within 5 business days. The Contractor must refer pregnant women to the State when the Contractor has insufficient capacity to provide services to any such pregnant women who seek the services of the program. Sending e-mail to the BDAS Clinical Services Unit Administrator may complete this notification process.



Exhibit A Amendment #2

Access to Services:

The Contractor shall respond to calls requesting treatment and/or transitional living program services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within 2 business days following the day the call was received.

The Contractor is required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.

Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client should be referred to a DHHS funded provider where they are able to access interim services.

Contractors receiving grant funds from DHHS will not discriminate against clients who are using legitimate medications to assist their recovery and will not have policies that allow them to refuse admission to treatment or to discharge clients from treatment based on the use of appropriately prescribed medications and various opiate replacement therapies, including, but not limited to, methadone and buprenorphine, as well as other forms of medication-assisted treatment for co-occurring substance abuse and mental health disorders.

Clients Eligible for Treatment Services:

In order to be eligible for DHHS supported services, a client must meet all eligibility criteria described below. Eligibility determination shall be conducted as follows:

1. Substance Use Disorder, Financial Eligibility & Residency Screening: The contractor shall complete the eligibility screening module in the Web Information Technology System (WITS) to determine if the client meets residency, financial, and substance use disorder potential eligibility requirements:
 - a. Residency: The client must be a resident of New Hampshire or homeless in New Hampshire to be eligible for DHHS supported services; and
 - b. Financial Eligibility: The client's income must be below 400% of Federal Poverty Level (FPL) to be eligible for DHHS supported services based on the sliding fee scale described below. Once the screening has been completed, the contractor shall print the associated attestation and have the client sign this document. A copy of the signed attestation shall be maintained in the client file. The client's financial eligibility shall be reassessed no less than every 120 days.; and
 - c. Potential for a Substance Use Disorder: The client must screen positive for a potential substance use disorder to be eligible for DHHS funded services.
2. Evaluation: The contractor shall conduct a full substance abuse evaluation, which includes administration of either the Addiction Severity Index (ASI) in WITS or Global Appraisal of Individual Needs (GAIN).
 - a. Substance Use Disorder: This evaluation shall be used to determine if the client meets Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM5) criteria for a substance use disorder. Clients who meet DSM5 criteria for a substance use disorder are eligible for DHHS funded services. Client who do not meet these criteria are not eligible for DHHS funded services.



Exhibit A Amendment #2

- b. **Level of Care:** For clients who have met all other eligibility requirements, this evaluation shall be used to determine the appropriate level of care for the client based on ASAM (October 2013) criteria. The client is eligible for DHHS funded services at the assessed level of care unless such a level of care is unavailable or the client chooses to enter a lower level of care. If the assessed level of care is unavailable, the client may choose to enter the next higher level of care.
3. **Medicaid/NHHPP Eligibility:** The contractor shall determine whether or not the client is eligible for Medicaid/NHHPP coverage for the identified level of care. If the client is not eligible for Medicaid/NHHPP coverage for the identified level of care, the client may be eligible for DHHS funded services. If the client is eligible for Medicaid/NHHPP coverage for the identified level of care, the client is not eligible for DHHS funded services.
4. **Insurance Coverage:** The contractor shall determine whether or not the client has insurance that will cover services at the identified level of care. If the client does not have insurance that will reimburse for these services at a rate equal to or greater than the DHHS rate, the client is eligible for DHHS funded services. If the client has insurance that will reimburse for these services at an amount equal or greater to the DHHS reimbursement rate, the client is not eligible for DHHS funded services. The contractor may not charge the combination of the client, any 3rd party payor, and DHHS more than the maximum charge allowed. These parties shall be charged in the following order:
 - a. The maximum allowed charge will be billed to the client's insurer, if applicable.
 - b. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
 - c. The balance of the maximum allowed charge after deducting the client's portion and the insurance payment, if applicable, shall be charged to DHHS.

Sliding Fee Scale:

The contractor shall not charge the combination of the client, any 3rd party payor and BDAS an amount greater than the maximum rate allowed for each service. All reasonable efforts shall be made to collect payment of bills. A client's inability to pay shall not preclude admission to the program and treatment.

- Client Income is 0% - 138% of FPL: 100% of the allowed charge less any amount paid for by insurance.
- Client Income is 139% - 149% of FPL: 92% of the allowed charge less any amount paid for by insurance.
- Client Income is 150% - 199% of FPL: 88% of the allowed charge less any amount paid for by insurance.
- Client Income is 200% - 249% of FPL: 75% of the allowed charge less any amount paid for by insurance.
- Client Income is 250% - 299% of FPL: 60% of the allowed charge less any amount paid for by insurance.
- Client Income is 300% - 349% of FPL: 43% of the allowed charge less any amount paid for by insurance.
- Client Income is 350% - 399% of FPL: 33% of the allowed charge less any amount paid for by insurance.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

With respect to minority age individuals, a minor child shall not be denied services as a result of the parent's unwillingness to pay the fee or the minor child's decision to receive confidential services pursuant to RSA 318-B:12-a.

Waiting List Management:

When a person who is pregnant or an injection substance abuser seeks treatment and there are no appropriate treatment services available within the required time frame as outlined below, interim services **must** be made available. The Contractor agrees to maintain the wait list management system in WITS that includes a unique patient identifier and include information on dates of requests for admission to treatment, provision of interim services and source for those services, referrals made for treatment or interim services, and disposition of clients on the waiting list.

- The waiting list must contain a mechanism that identifies and counts the number of applicants who present and are determined to be appropriate for substance abuse treatment but are unable to be placed as there is no capacity;
- Maintain contact with individuals awaiting admission; and,
- Admit or transfer waiting list clients at the earliest possible time to an appropriate treatment program within a reasonable geographic area.

The Contractor shall remove a client awaiting treatment from the waiting list only when one of the following conditions exists:

- Such persons cannot be located for admission into treatment *or*
- Such persons refuse treatment.

Specific Interim Services for Pregnant Women, Women with Dependent Children and Injection Drug Users:

The Contractor agrees to contact the BDAS Clinical Services Unit if a pregnant women and women with dependent children or individuals with a history of injection drug use, cannot be accepted into treatment within specific time frames, and agrees that interim services will be provided or facilitated by the Contractor. Interim services for pregnant women must include counseling on the effects of alcohol and drug use on the fetus, referrals for prenatal care, and counseling and education about HIV and tuberculosis. Interim services for injection drug users must also include counseling and education in the risks of needle sharing, about the risks of transmission to sexual partners and infants, and referral for HIV, Hepatitis C and tuberculosis screening/testing. All interim services shall be documented in the client's clinical record in the WITS system.

Interim Services for other Clients:

The Contractor shall provide, or refer the client to, interim services until level of service identified in the level of care assessment is available and/or the client is willing and assessed as being sufficiently motivated to take advantage of the proposed level of service or interim services. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client shall be referred to a DHHS funded provider where they are able to access interim services.

Services to pregnant and parenting women:

The Contractor further agrees that childcare will be made available to women who are in treatment with their dependent children, either through on-site care or through arrangements with an off-site legal childcare provider. Other services required are as follows:



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- The family is treated as a unit and, therefore, admits both women and their children into treatment services, if appropriate.
- The Contractor shall provide or arrange for primary medical care for women who are receiving substance abuse services, including prenatal care.
- The Contractor shall provide or arrange for childcare while the women are receiving services even if the children are not in their custody, as long as parental rights have not been terminated.
- The Contractor shall provide or arrange for primary pediatric care for the women's children, including immunizations.
- The Contractor shall provide or arrange for gender-specific substance abuse treatment and other therapeutic interventions for women that may address issues of relationships, sexual abuse, physical abuse, and parenting, and childcare while the women are receiving these services.
- The Contractor shall provide or arrange for therapeutic interventions for children in custody of women in treatment, which may, among other things, address the children's developmental needs, their issues of sexual and physical abuse, and neglect.
- The Contractor shall provide or arrange for sufficient case management and transportation services to ensure that the women and their children have access to the services provided for above.
- If a pregnant, pregnant injection drug using or Injection Drug Using person refuses treatment or says (s)he is not interested in treatment, the wait list report shall be completed with the engagement activities attempted.
- If a pregnant, pregnant injection drug using or Injection Drug Using person no shows or cancels treatment, interim services must be provided, as stipulated above and the wait list report shall be completed that demonstrates the activities of follow up, engagement and substance abuse treatment services offered.

Relationship(s) with Primary Health Care:

The Contractor shall arrange and coordinate services and exchange of information with other health care providers and agencies which:

- Identifies the client's current Primary Care Provider (PCP) at screening and/or intake.
- If the client has no current PCP, the Contractor shall identify available provider(s) in the client's local area such as a federally qualified community health center, community health center, or other local health services.
- Obtains client/patient authorization to communicate with PCP office.
- If no authorization is completed initially, the Contractor shall educate client as to the importance of engaging the PCP in ongoing care and address the client's concerns as part of treatment, with goal of obtaining authorization before discharge.
- Sends the discharge summary to PCP and offers to discuss recovery issues with the provider.
- Arranges (or has the client arrange) a post-discharge appointment with PCP for the client/patient for follow-up of the substance use disorder.

Tobacco Cessation:

The Contractor shall have policies and procedures for both client and Contractor staff, that not only creates a tobacco-free environment as required by law, but to offer tobacco cessation tools and programming. Tobacco use, in and of itself, shall not be grounds for administrative discharge from the program. Initially, all clients shall be assessed for motivation in stopping the use of tobacco products. Providers may tap into resources such as the DPHS Tobacco Prevention & Control Program (TPCP) and

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the certified tobacco cessation counselors available through the QuitLine. Other resources for providers include:

Breathe New Hampshire
145 Hollis St., Unit C
Manchester, NH 03101
603-669-2411 (phone) or 1-800-835-8647

The New Hampshire Medicaid program covers:

- Nicotine Replacement Therapy (NRT) Gum,
- NRT Patch,
- NRT Nasal Spray,
- NRT Lozenge,
- NRT Inhaler,
- Varenicline (Chantix),
- Bupropion (Zyban),
- Group Counseling and/or
- Individual Counseling. Up to 12 individual counseling sessions are covered per year through a mental health provider (Note: These sessions would NOT be in addition to other mental health counseling sessions under Medicaid). Pregnant women also have the option of group counseling. For more information, visit the website at:
<http://www.dhhs.state.nh.us/DHHS/MEDICAIDPROGRAM/default.htm>

Tuberculosis:

The Contractor shall make available tuberculosis services (defined as screening, counseling, testing, and treatment) directly, or through other providers, to each client receiving treatment. In the case of an individual denied admission due to lack of capacity, the substance abuse treatment Contractor will refer the individual to another provider of tuberculosis services if appropriate. All Contractor providing residential services shall make available, either on-site or through agreements with health care providers, tuberculosis services, including screening, testing, counseling and referral for medical treatment.

Physical location and facilities:

For the purpose of providing the services described in Section II of the Scope of Services, the Contractor shall obtain and maintain a suitable space complying with all fire, health, and safety codes to include handicapped accessibility and being wheelchair accessible.

The Contractor shall obtain written prior approval of DHHS, acting through BDAS, before entering into any agreement concerning relocation of the service site.

Culturally and Linguistically Appropriate Standards of Care:

DHHS recognizes that culture and language have considerable impact on how consumers access services. Culturally and linguistically diverse populations experience barriers in efforts to access services. To ensure equal access to quality services, DHHS expects that Contractors shall provide culturally and linguistically appropriate services according to the following guidelines:

1. Assess the ethnic/cultural needs, resources and assets of their community.
2. Promote the knowledge and skills necessary for staff to work effectively with consumers with respect to their culturally and linguistically diverse environment.



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3. When feasible and appropriate, provide clients of Limited English Proficiency (LEP) with interpretation services. Persons of LEP are defined as those who do not speak English as their primary language and whose skills in listening to, speaking, or reading English are such that they are unable to adequately understand and participate in the care or in the services provided to them without language assistance.
4. The Contractor is responsible for reasonable accommodations in arranging for interpreter services for hearing impaired clients.
5. The Contractor offers consumers or clients a forum through which those individuals have the opportunity to provide feedback to the Contractor regarding cultural and linguistic issues that may deserve response.

Compliance with State and Federal Laws:

The Contractor is responsible for compliance with all relevant state and federal laws. Special attention is called to the following statutory responsibilities:

1. All services provided pursuant to this Contract shall be subject to the most current proposed or formalized rules and regulations promulgated by DHHS, pursuant to RSA 541-A.
2. The Contractor shall maintain adherence to federal and state confidentiality laws specifically: 42 CFR Part 2B, N.H. RSA 318 B:12 and N.H. RSA 172:8-A and the Health Insurance Portability and Accountability Act (HIPAA): <http://www.hhs.gov/ocr/privacy/>
3. The Contractor shall meet the standards outlined in NH Administrative Rule He-A 300, Certification and Operation of Alcohol and other Drug Disorder Treatment Programs. This administrative rule is currently expired and under revision. The Contractor should plan to meet the requirements as outlined in the expired rule until the revisions are completed. He-A 300 can be viewed on the RFP link to this document <http://www.dhhs.nh.gov/business/rfp/index.htm>.
4. The Contractor shall, upon the direction of the State, provide court-ordered evaluation in their catchment area and a sliding scale fee shall apply and the inability to pay shall not interfere with the completion and submission of the court-ordered evaluation and shall, upon the direction of the State, offer treatment to those individuals pursuant to RSA 172:13.
5. Contractors considering research, including research conducted by student interns, using individuals served by this contract as subjects must adhere to the legal requirements governing human subjects' research. Contractors must inform the DHHS via contact with BDAS prior to initiating any research involving subjects or participants related to this contract. In addition, research conducted on subjects served by this contract may need to be approved by the New Hampshire Department of Health & Human Services Committee for the Protection of Human Subjects (NH DHHS CPHS) see <http://www.dhhs.nh.gov/irb/>

Client Stabilization:

The Contractor will be expected to arrange for medical clearance for all clients receiving treatment services supported by DHHS administered by BDAS to assure that they are not at risk for acute withdrawal from alcohol and certain drugs. The Contractor shall be expected to provide a range of integrated services that include withdrawal management services that follow detoxification guidelines outlined in Treatment Improvement Protocol (TIP) #45, Detoxification and Substance Abuse Treatment and ASAM guidelines.

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Clinical Services:

The Contractor shall provide the following:

- a. A minimum of one (1) substance abuse counselor on site each day of the week during primary treatment hours. The substance abuse counselor shall have a bachelor's degree or equivalent in social work/psychology, guidance or nursing and/or a certificate in the field of addiction studies from an approved educational institution or educational/life experience.
- b. A minimum of one (1) substance abuse support staff on site each day of the week during all hours not covered by a substance abuse counselor. The substance abuse support staff must have a high school or General Equivalency Diploma (GED). Preference is given to individuals who have completed additional courses or taken training in substance use disorders or other health fields.
- c. An intake/admission coordinator on site Monday through Friday of each week. The intake/admission coordinator shall have one (1) years' work experience in the field of addiction studies.
- d. A full-time Executive Director, not filling any of the positions described above.

Evaluation:

The contractor shall conduct a full substance abuse evaluation, which includes administration of either the ASI or GAIN to determine eligibility for services. This evaluation must be updated every 120 days or when the client transitions to a different level of care.

Assessment of Risk for Self-Harm/Suicide: The Contractor shall have policies and practices for assessing risk of self-harm at all phases of treatment, such as at initial contact, during screening, intake, admission, on-going treatment services and at discharge, and a process for referral when necessary to include referrals to mental health services.

The Contractor shall develop policies, programs and protocols in accordance with SAMHSA guidelines as outlined in the Treatment Improvement Protocols (TIPs) and Technical Assistance Publications (TAPs). These publications can be downloaded from <http://www.kap.samhsa.gov/products/manuals/index.htm>.

Use of Best Practices: The Contractor is required to use the Addiction Severity Index (ASI) or Global Appraisal of Individual Needs (GAIN) assessment tools, the SAMHSA/NIDA MATRS treatment-planning model and the WITS electronic case management system.

Care Coordination:

The Contractor is required to assess each client's need/appropriateness for residential transitional living services and to refer all clients for care coordination services made available through the Access to Recovery (ATR) initiative administered by the BDAS so long as this initiative remains available on behalf of DHHS that would commence following the initial course of treatment. Contractors are required to address motivational issues with clients for them to participate effectively in the care coordination and recovery support services. Contractors are required to have clients sign the "ATR Client Participation Agreement" (made available by BDAS), indicating that they either agree or opt out of participating in these services. The contractor will facilitate all clients who agree to participate in these services to complete the Client Participation Agreement and upon obtaining a signed release of information, refer clients to an ATR Care Coordinator Program at least two weeks prior to anticipated date of discharge (dis-enrollment) from services. Assessing the need for aftercare services is expected to take place while

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the client is involved within the most recent episode of care, with a referral being made and accepted by the care coordination service prior to the client being discharged.

The Contractor must provide the following for use by the care coordination program:

- Private space for interviewing/meeting with clients.
- Access to internet (either wired or wireless) in the meeting space
- Telephone in the meeting space and
- A contact person at the Contractor's site for logistics.

It is the expectation of the BDAS at DHHS that, upon completion of appropriate signed releases, the Contractor will provide the care coordination program with necessary information from the clinical record (evaluation, treatment plan, progress notes, etc.) for the care coordination program to develop a service plan with the client.

All alcohol and other drug treatment providers under contract with the BDAS on behalf of DHHS are required to address with all clients, the need for continuing services. This includes clinically managed low-intensity treatment programs under contract with the BDAS on behalf of DHHS as well as care coordination and recovery support services made available through DHHS contracted providers; the ATR initiative administered by BDAS, so long as this initiative remains available; and/or any other resources that become available to pay for these services that would commence following the initial course of treatment. The referral for these services should take place prior to discharge from the initial course of treatment.

Relevant Policies and Guidelines:

The services provided for in this agreement shall be in addition to the services provided for in any other agreement between the State of New Hampshire, any of its agencies, or any of its officers, and the Contractor.

Without limiting the generality of any other provisions of this agreement, the Contractor shall cooperate fully with, and answer all questions of representatives of the State conducting any periodic or special review of the performance of the Contractor or any inspection of the facilities of the Contractor.

Publications Funded Under Contract:

All products produced under this contract are in the public domain. All products (written, video, audio) produced, reproduced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution, or use. The Contract shall credit DHHS on all materials produced under this contract.

Student Internships:

The Contractor shall establish policies and procedures related to student interns that address minimum coursework, experience and core competencies for those interns having direct contact with individuals served by this contract. Student interns shall complete an approved ethics course prior to beginning the internship.

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Staff Licensing Requirements:

The ratio of licensed to non-licensed service providers shall be as follows:

Agencies must have at least one Licensed, or Masters Licensed, Alcohol and Drug Counselor (LADC/MLADC) for each two unlicensed counselors providing substance abuse treatment services and a sufficient number of MLADCs or LADCs with the Licensed Clinical Supervision (LCS) credential to adequately provide for clinical supervision of all clinical staff. This requirement shall be met by the Contractor no later than six (6) months after the date of the Contract effective date.

Updated resumes, which clearly indicate the staff member is employed by the Contractor, including current positions of staff supported by funds provided through this Contract, shall be forwarded to the BDAS as agent for DHHS. The documentation shall include a copy of the New Hampshire Alcohol and Drug Counselor License.

Staff Certification Requirements:

In addition to the requirements for LADCs, all Contractor milieu staff in residential settings and transitional living programs and staff providing recovery support aftercare group services shall be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification under RSA 330-C (<http://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XXX-330-C.htm>). Certification must be completed within six (6) months of the contract's approval date.

Staff providing recovery support services are expected to be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification. Peer recovery support services made available through Recovery Community Organizations (RCOs), under agreement with BDAS on behalf of DHHS, shall be provided by individuals certified by those organizations (CRSW not required for peer recovery support services).

Supervision:

Ongoing clinical supervision will include weekly discussion of cases with suggestions for resources or therapeutic approaches, co-therapy, and periodic assessment of progress. When enough candidates are under supervision, group supervision may be included to help optimize the learning experience.

The content of supervision must include knowledge, skills, values, and ethics with specific application to the practice issues faced by the supervisee, including the core functions as described in the Twelve Core Functions of Alcohol and Drug Counseling.

The content of supervision must also include the standards of practice and ethical conduct, with particular emphasis given to the counselor's role and appropriate responsibilities, professional boundaries, and power dynamics.

Staffing Changes:

BDAS as agent for DHHS shall be notified of changes in key personnel with updated resumes that clearly indicate the staff member is employed by the Contractor submitted within five (5) working days. Key personnel are those staff for whom at least 10% of their work time is spent providing alcohol or other drug abuse treatment services.

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1. New Hires: The Contractor shall notify BDAS on behalf of DHHS in writing within one month of hire when a new administrator or coordinator or any staff person essential to carrying out this scope of services is hired to work in the program. A resume of the employee, which clearly indicates the staff member is employed by the Contractor, shall accompany this notification.

2. Vacancies: The Contractor shall notify BDAS on behalf of DHHS in writing within 14 calendar days, if at any time, any site funded under this agreement does not have adequate staffing to perform all required services for more than one month.

Other Requirements:

The Contractor shall attend trainings and/or meetings as requested by DHHS.

ATR and Recovery Support Services:

All DHHS funded treatment and recovery support service providers must also be approved Access to Recovery (ATR) providers, so long as the ATR initiative remains available, as this will be the source of funding for these recovery support services through the Voucher Management System (VMS). Information on becoming an ATR provider can be found on the DHHS website: <http://www.dhhs.nh.gov/dcbcs/bdas/atr/becomingprovider.htm>

Regional Network Participation:

The Contractor will designate administrative level staff to regularly participate in the Regional Network and contribute to overall regional network strategic planning, monitoring, evaluation, and cross systems communication efforts. The Contractor is highly encouraged to serve on one of the work groups and contribute to data collection, regional strategic planning and evaluation. Participation will be measured by the annual Partner Survey (<http://www.partnertool.net/>) administered by NH Center for Excellence under contract with BDAS as agent for DHHS.

Performance Measures:

All treatment programs under contract with BDAS on behalf of DHHS are required to report on the National Outcome Measures (NOMs) established by the SAMHSA, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the WITS (electronic case management) system. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions.

Data and Reporting Requirements:

1. Without limiting the generality of any other provisions of this agreement, the Contractor shall provide any periodic or special reports required by the DHHS.
2. The Contractor shall notify BDAS, as an authorized agent of DHHS, whenever the Contractor has reached ninety percent capacity to admit new clients. In addition the Contractor shall have a waiting list management policy in accordance with the SAPT Block Grant requirements. This 90% notification process will become automatic when this operation is fully functional in WITS.
3. The Contractor shall notify DHHS through BDAS, within one working day, if sufficient capacity is not available to provide treatment services to a pregnant woman, parenting woman or injection drug user within the required time frames and a referral elsewhere is not successful and interim services cannot be provided.

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4. The Contractor shall comply with all research and/or information systems development activities for the electronic case management/Web Information Technology System (CM/WITS) conducted by, or authorized by, DHHS.
5. The Contractor shall administer any client surveys, client evaluations including the addiction Severity Index (ASI) or the Global Appraisal of Individual Needs (GAIN), client treatment outcome instruments, the M.A.T.R.S. Treatment Planning Tool, as required by DHHS.
6. The Contractor must have the ability to communicate and submit required reports via the Web-based submission system and/or e-mail, for treatment s and recovery support services and interim services. All required clinical and documentation activities shall be entered in WITS unless specifically granted an exception by BDAS on behalf of DHHS.

Critical Incident/Sentinel Event Reporting:

The Department's Sentinel Event policy is contained in the following link:
<http://www.dhhs.nh.gov/dcbcs/sentinel.htm>

Division of Community Based Care Services (DCBCS) Sentinel Event Notification:

The preceding events require the immediate verbal notification to the BDAS Assistant Administrator or Clinical Services Unit Administrator upon the discovery of a sentinel event involving an individual(s) receiving services through a DHHS substance use disorder treatment Contractor.

Since the initial and immediate verbal notification of a sentinel event is likely to include protected health information (PHI) as identified below, the Contractor of services to individuals receiving services funded by the DHHS shall disclose PHI in a private and secure manner. Contractors and vendors should not leave voice-mail messages, but instead make direct telephone contact with the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee. If direct telephone contact is not possible, a voice mail message may be left without protected health information, such as medications and relevant medical and psychiatric diagnoses. As soon as possible after the initial verbal notification, the Contractor will mail or fax a completed *Sentinel Event Reporting Form* as directed in this protocol.

Notification shall include the following:

1. Name and phone number of the individual reporting.
2. Name, date of birth (DOB), medications and all relevant medical and psychiatric diagnoses of individual(s) involved;
3. Location, date, and time of event;
4. Description of the event including what, when, where, how, and other relevant information and identification of any other individuals involved;
5. Legal status of the individual involved with regard to guardianship and power of attorney;
6. Community, guardian, family and/or families' knowledge of the event; and
7. Contractor contact person and contact information.

It shall be the responsibility of the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee to notify the DCBCS Quality Improvement Director by e-mail as soon as the BDAS Clinical Administrator or designee becomes aware a Sentinel Event has occurred. The DCBCS Quality Improvement Director shall make immediate notification to the Commissioner. Internal e-mails within the Department may contain PHI and all Department employees will utilize safeguards to ensure the privacy

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of the PHI as stated in the DHHS General Manual Health Insurance Portability and Accountability Act (HIPAA) policy #504.

Each DCBCS contractor recognizes its responsibility to report evidence of neglect, abuse or exploitation to the appropriate regulatory agencies as required by RSA 161-F: 42-57 and RSA 169-C:29. In any case of known or suspected neglect, abuse or exploitation, the Contractor aware of the situation shall follow all applicable rules relative to individual rights protection procedures.

Written follow up information is to be forwarded by the reporting Contractor to the appropriate BDAS Administrator listed below within 72 hours by completing the *Sentinel Event Reporting Form*. To protect clients' confidential information, reporting Contractors should submit the *Sentinel Event Reporting Form* either by fax to the BDAS Assistant Administrator or the BDAS Clinical Services Unit Administrator by a mail service that provides delivery confirmation.

Bureau of Drug and Alcohol Services

Assistant Administrator

105 Pleasant Street

Concord, NH 03301

Or by fax to the BDAS Administrator's Office at 271-6105;

Follow-up information is the responsibility of the Contractor and should be submitted in a way as to protect clients' confidential information such as by mail with delivery confirmation and should include:

1. The *Sentinel Event Reporting Form* (www.dhhs.nh.gov/dcbcs/documents/sentinelform.pdf);
2. Additional details as they are learned or if the status of the situation changes; and,
3. Copies of newspaper articles.

Additionally, DHHS requires critical incident reporting. The Contractor shall report all critical incidents/sentinel events to the BDAS Clinical Services Unit Administrator immediately via telephone. Every effort shall be made to reach the BDAS administrator directly. If a voice message is necessary, sufficient provider contact information shall be provided so that DHHS is able to reach the reporter, or other responsible staff, immediately.

A critical incident includes, but is not limited to, any child or adult protective services report to the Division of Children, Youth and Families (DCYF), or the Bureau of Elderly and Adult Services (BEAS), respectively, regarding any incident involving 1) a staff/employee to youth or client, 2) youth to youth, or 3) client to client. This includes incidents that occur while a client is on leave, or on a pass, from the Contractor and may be off site at the time the incident occurred.

A sentinel event is an unexpected occurrence involving the death or serious physical or psychological injury, or risk thereof, signaling the need for immediate investigation and response.

Death or any serious injury or medical emergency regarding staff or clients that requires emergency medical attention (EMT or other emergency personnel at the Contractor's site, or a hospital emergency room visit), or any crime reportable to law enforcement, or any other serious incident must also be reported to DHHS as described below.



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Reportable sentinel events include, but are not limited to, any occurrence that meets any of the following criteria:

1. An unanticipated death or permanent loss of function, not related to the natural course of an individual's illness or underlying condition.
2. Homicide or suicide of any individual receiving DHHS funded care, treatment or services, that had been discharged from a Department funded program or facility within 30 days of the event, or has been evaluated by a service Contractor within the preceding 30 days;
3. Sexual assault or rape of any individual receiving DHHS funded care, treatment or services by another client or employee of any Department funded program or facility where there is an act that was witnessed or there is sufficient clinical evidence obtained by the Contractor to support allegation of nonconsensual sexual contact.
4. Unauthorized departure of an individual receiving DHHS funded services, from a facility providing care, resulting in death or permanent loss of function.
5. Medication error that results in death, paralysis, coma, or other permanent loss of function.
6. Delay or failure to provide DHHS funded Contractor services that result in death or permanent loss of function.
7. Abuse as a result of the willful infliction of injury, unreasonable confinement, intimidation, or punishment with resulting physical harm, or mental anguish. This includes staff neglect or indifference to infliction of injury or intimidation of one individual by another.
8. Neglect as a result of the failure to provide the goods and services necessary to avoid physical harm, mental anguish or mental illness.
9. Assault of or by a client of the Contractor that results in the injury of the person or another person of such severity that medical attention is required.
10. Arson resulting in property loss.
11. High profile events, which may include media coverage and/or police involvement.

On-Site Reviews:

1. The Contractor shall allow a team or person authorized by DHHS to periodically review the Contractor's systems of governance, administration, data collection and submission, clinical, and financial management in order to assure systems are adequate to provide the contracted services.
2. Reviews shall include, but not be limited to, client record reviews to measure compliance with this exhibit.
3. The Contractor shall make corrective actions as advised by the review team if contracted services are not found to be provided in accordance with this exhibit.
4. DHHS staff shall contact the Contractor in advance of the site visit, so that the Contractor shall have sufficient time to prepare any guidance/reporting systems or logs that will be reviewed at the site visit.

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Exhibit B Amendment #2

Method and Conditions Precedent to Payment

The State shall pay the Contractor an amount not to exceed the Price Limitation, block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services, and in accordance with Exhibit B.

Funding for this Agreement is funded by various sources as a percentage of the total amount of \$432,468 as follows:

- 46 % Federal Funds from the Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant (CFDA #93.959);
- 22 % General Governor's Commission on Alcohol and Drug Abuse Prevention, Intervention and Treatment Funds; and
- 32 % General funds.

I. Payment Methodology

The Contractor shall be reimbursed for providing and delivering the services listed in Exhibit A, paragraph B. The following terms and conditions detailed in this Exhibit B shall apply to all services unless expressly stated otherwise.

The Contractor shall agree to use and apply all contract funds from the State for costs and expenses as detailed in the Service Reimbursement Table below. Allowable costs and expenses shall be determined by the State in accordance with applicable state and federal laws and regulations. Starting in State Fiscal Year 2015 (effective July 1, 2014) the contractor will receive a payment for each service at the rates and within the limits described below. For clients receiving DHHS supported services, the contractor may not charge the client, any 3rd party payor, and DHHS a combined rate that is more than the rate established by BDAS for that level of service or any other fees. These parties shall be charged in the following order:

1. The maximum allowed charge will be billed to the client's insurer, if applicable.
2. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
3. The balance of the maximum allowed charge, after deducting the client's portion and insurance payment, if applicable, shall be charged to DHHS.

Service Reimbursement Table - A check mark indicates the services and corresponding rates the Contractor will be reimbursed for.

Check mark indicates applicable service	Service	DHHS Established Rate	Service Limit
X	Evaluation	\$225	1 every 90 days
X	Outpatient – Individual	\$18.75/unit***	\$190 of combined individual & group/week
X	Outpatient – Group	\$5.00/unit	
X	Intensive Outpatient*	\$80.00/day	\$320 (4 days)/week
X	Low-Intensity Residential – Adult	\$100.00/day	\$700 (7 days) /week

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X	Low-Intensity Residential – Adolescent	\$128.00/day	\$896 (7 days) /week
	High-Intensity Residential – Adult	\$130.00/day	\$910 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Room & Board Only	\$66.00/day	\$462 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Clinical Services	\$162.60/day	\$1138.20 (7 days) /week
	Medium Intensity Residential – Adolescent	\$170.00/day	\$1190 (7 days) /week
	Recovery Support Services		
X	Individual	\$15.00/unit	\$160 of combined individual & group/week
X	Group	\$5.00/unit	
X	Continuous Recovery Monitoring – Attempted**	\$15.00/contact	\$60 of combined attempted and completed/month for the first 6 months post discharge
X	Continuous Recovery Monitoring – Completed	\$15.00/contact	
	Enhanced Services	Varied	

* Providers may bill the per diem rate for Intensive Outpatient Treatment services only on those days when the client attends individual and/or group counseling associated with the program. It is expected that each day of attendance includes a minimum of 3 hours of group and/or individual counseling services.

**Attempted Contact is at least 3 attempts to contact a client over the course of at least one week.

*** A unit is equal to 15 minutes of service

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. Failure to meet this requirement may result in amendment to or termination of the contract. At a minimum, contractors must provide the array of services they contracted to provide for in SFY14.

1. Performance Incentives:

A. Access to Services:

Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received and shall conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact. For each client who screens eligible for



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services and starts receiving services, whether for the identified level of care or interim services, within 10 business days following the eligibility screening, the treatment contractor will receive an incentive payment of \$75.00. Access incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

B. Completion:

For each client who is discharged from the program because they have completed treatment or transferred to another treatment provider as recorded in the Discharge Type field of the WITS Discharge Module, the treatment contractor will receive an incentive payment of \$75.00. Completion incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

C. Client Outcomes:

If a client who was discharged from the program meets at least 3 of the Outcome criteria below in the 3rd and/or 6th month post-discharge, as evidenced by the WITS Follow-Up module, the treatment contractor will receive an incentive payment in the amount of \$50. The 3rd month post discharge is considered to be 60 – 120 days post discharge. The 6th month post discharge is considered to be 150 – 210 days post discharge. Outcomes incentives will be calculated and paid on a monthly basis for clients meeting criteria in the previous calendar month. It is expected that at least 50% of discharged clients will be contacted for 3 and/or 6 month follow-up over the contract year.

- i. Abstinence: The client reports reduced or no substance use in the past 30 days.
- ii. Employment/Education: The client reports increased or retained employment or the client reports returning to or staying in school.
- iii. Crime and Criminal Justice: The client reports no arrests in the past 30 days.
- iv. Stability in Housing: The client reports being in stable housing.
- v. Social Connectedness: The client reports engagement in Recovery Support Services, Care Coordination, and/or Community Based Support Groups in the past 30 days.

D. Performance Incentive Payout Limits:

Performance incentives are limited to no more than 6% of the total contract amount annually. The total amount paid out during the contract year will never exceed the total contract amount. DHHS is not obligated to make payment for any incentives that occur outside of the current contract year; however, incentives may be carried over to future contract years at the discretion of DHHS.

2. Failure to Meet Deliverables:

The Contractor shall comply with all contract requirements as detailed in Exhibit A section B, Required Services. Upon determination that Contractor may not be meeting the required deliverables, within two (2) weeks BDAS will provide a written correction action plan. Within two (2) weeks of notification of the corrective action plan, Contractor will provide a written remedial plan. BDAS will monitor the corrective actions for 60 days. Failure to meet requirements of the corrective action plan within 60 days may result in withholding of any or all payments or termination of the contract.

3. Invoicing & Billing:

All billing shall be completed via the WITS system according to protocols established by BDAS.



Exhibit B Amendment #2

The Contractor shall have written authorization from the State prior to using contract funds to purchase or lease any equipment with a cost in excess of two thousand five hundred dollars (\$2500) and with a useful life beyond one year.

II. Allocation of Funding:

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. The contractor is prohibited from spending down more than the sum of the total contract amount that includes the cost of the client services and related incentives.

III. Availability of Alternative Funding:

The New Hampshire Department of Health and Human Services may terminate or amend the contract should alternate third party payors, including Medicaid, the New Hampshire Health Protection Program and/or insurance available on the New Hampshire Insurance Exchange cover any of the services included in this contract.

IV. Limitations and restrictions of federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds:

The Contractor agrees to use the SAPT funds as the payment of last resort.

Restrictions on SAPT Block Grant on State and Contractor expenditures include:

The State may not:

- Provide inpatient hospital services except under those conditions outlined in the regulations.
- Make cash payments to intended recipients of substance abuse services.
- Purchase or improve land.
- Purchase, construct, or permanently improve buildings or other facilities.
- Purchase major medical equipment.
- Satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds. (in-kind)
- Provide financial assistance to any entity other than a public or non-profit private entity.
- Provide individuals with hypodermic needles or syringes.
- Expend more than the amount of Block Grant funds expended in FFY91 for treatment services provided in penal or correctional institutions of the State.

The Contractor shall not:

- Use any federal funds provided under this contract for the purpose of conducting testing for the etiologic agent for Human Immunodeficiency Virus (HIV) unless such testing is accompanied by appropriate pre and post-test counseling.
- Use any federal funds provided under this contract for the purpose of conducting any form of needle exchange, free needle programs or the distribution of bleach for the cleaning of needles for intravenous drug abusers.

V. Charitable Choice:



Exhibit B Amendment #2

Federal Charitable Choice statutory provisions ensure that religious organizations are able to equally compete for Federal substance abuse funding administered by SAMHSA, without impairing the religious character of such organizations and without diminishing the religious freedom of SAMHSA beneficiaries (see 42 USC 300x-65 and 42 CFR Part 54 and Part 54a, 45 CFR Part 96, Charitable Choice Provisions and Regulations). Charitable Choice statutory provisions of the Public Health Service Act enacted by Congress in 2000 are applicable to the SAPT Block Grant program. No funds provided directly from SAMHSA or the relevant State or local government to organizations participating in applicable programs may be expended for inherently religious activities, such as worship, religious instruction, or proselytization. If an organization conducts such activities, it must offer them separately, in time or location, from the programs or services for which it receives funds directly from SAMHSA or the relevant State or local government under any applicable program, and participation must be voluntary for the program beneficiaries.

- VI. Notwithstanding paragraph 18 of the General Provisions of this Agreement P-37, an amendment limited to adjusting amounts within the budgets and within the price limitation, can be made by written agreement of both parties and may be made without obtaining approval of Governor and Executive Council.

The remainder of this page is intentionally left blank.

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 NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE/GREATER MANCHESTER is a New Hampshire nonprofit corporation formed December 7, 1977. 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 9th day of May A.D. 2014

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

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

I, Russell Ouellette, do hereby certify that:
(Name of the elected Officer of the Agency; cannot be contract signatory)

1. I am a duly elected Officer of NCADD Greater Manchester – Serenity Place.
(Agency Name)

2. The following is a true copy of the resolution duly adopted at a meeting of the Board of Directors of
the Agency duly held on May 25, 2011:
(Date)

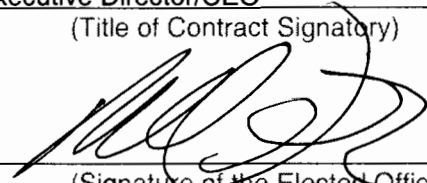
RESOLVED: That the Executive Director/CEO
(Title of Contract Signatory)

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

3. The forgoing resolutions have not been amended or revoked, and remain in full force and effect as of
the 22nd day of May, 2014.
(Date Contract Signed)

4. Sharon Drake is the duly elected Executive Director/CEO
(Name of Contract Signatory) (Title of Contract Signatory)

of the Agency.


(Signature of the Elected Officer)

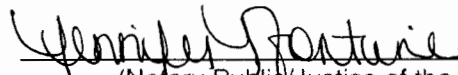
STATE OF NEW HAMPSHIRE

County of Hillsborough

The forgoing instrument was acknowledged before me this 5th day of May, 2014,

By Russell Ouellette
(Name of Elected Officer of the Agency)




(Notary Public Justice of the Peace)



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

5/5/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER E & S Insurance Services LLC 21 Meadowbrook Lane P O Box 7425 Gilford NH 03247-7425	CONTACT NAME: Pat Mack PHONE (A/C, No, Ext): (603) 293-2791 FAX (A/C, No): (603) 293-7188 E-MAIL ADDRESS: pat@esinsurance.com														
INSURED National Council on Alcoholism & Drug 101 Manchester Street Manchester NH 03101	<table border="1"><thead><tr><th>INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr></thead><tbody><tr><td>INSURER A Markel</td><td></td></tr><tr><td>INSURER B New York Marine and General</td><td></td></tr><tr><td>INSURER C:</td><td></td></tr><tr><td>INSURER D:</td><td></td></tr><tr><td>INSURER E:</td><td></td></tr><tr><td>INSURER F:</td><td></td></tr></tbody></table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A Markel		INSURER B New York Marine and General		INSURER C:		INSURER D:		INSURER E:		INSURER F:	
INSURER(S) AFFORDING COVERAGE	NAIC #														
INSURER A Markel															
INSURER B New York Marine and General															
INSURER C:															
INSURER D:															
INSURER E:															
INSURER F:															

COVERAGES

CERTIFICATE NUMBER: Cert w/upd WC

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PROJECT ☐ LOC	X		8502SS335180-4	2/9/2014	2/9/2015	EACH OCCURRENCE \$ 1,000,000
	DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000						
	MED EXP (Any one person) \$ 10,000						
	PERSONAL & ADV INJURY \$ 1,000,000						
	GENERAL AGGREGATE \$ 3,000,000						
							PRODUCTS - COMP/OP AGG \$ 3,000,000
							\$
A	AUTOMOBILE LIABILITY ☒ ANY AUTO ☐ ALL OWNED AUTOS ☐ HIRED AUTOS ☐ SCHEDULED AUTOS ☐ NON-OWNED AUTOS			8502SS335180-4	2/9/2014	2/9/2015	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	BODILY INJURY (Per person) \$						
	BODILY INJURY (Per accident) \$						
	PROPERTY DAMAGE (Per accident) \$						
	Medical payments \$ 5,000						
A	☒ UMBRELLA LIAB ☐ EXCESS LIAB ☐ DED ☒ RETENTION \$ 10,000			4602SS335181-4	2/9/2014	2/9/2015	EACH OCCURRENCE \$ 1,000,000
	AGGREGATE \$						
	\$						
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) ☐ Y/N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		WC201400005743	5/1/2014	5/1/2015	WC STATUTORY LIMITS OTH-ER
	E.L. EACH ACCIDENT \$ 500,000						
	E.L. DISEASE - EA EMPLOYEE \$ 500,000						
	E.L. DISEASE - POLICY LIMIT \$ 500,000						

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

Re: Serenity Place, 101 Manchester St., Manchester, NH

Tirrell House, 15 Brook Street, Manchester, NH

CERTIFICATE HOLDER**CANCELLATION**

NH Dept of Health & Human Services Bureau of Drug & Alcohol Services 105 Pleasant Street Concord, NH 03301	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE Pat Mack/PAT <i>Pat Mack</i>

SERENITY PLACE
NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE AFFILIATE

Audited Financial Statements

For The Fiscal Years Ended
June 30, 2013 and 2012

**SERENITY PLACE
NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE AFFILIATE**

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PENCHANSKY & CO. PLLC
CERTIFIED PUBLIC ACCOUNTANTS
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Serenity Place
National Council on Alcoholism and Drug Dependence Affiliate
Manchester, New Hampshire

We have audited the accompanying financial statements of Serenity Place, National Council on Alcoholism and Drug Dependence Affiliate (a non-profit organization), which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Serenity Place, National Council on Alcoholism and Drug Dependence Affiliate as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted

Penchansky & Co. PLLC

Penchansky & Co., PLLC
Certified Public Accountants
Manchester, New Hampshire
December 13, 2013

SERENITY PLACE
NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE AFFILIATE
Statements of Financial Position
As of June 30,

	<u>ASSETS</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Totals</u>	<u>2012 Totals</u>
<u>Current Assets:</u>				
Cash and Cash Equivalents	\$ 60,081	\$ 18,420	\$ 78,501	\$ 66,358
Receivables	199,099	0	199,099	168,127
Prepaid Expenses	15,832	0	15,832	13,633
Total Current Assets	<u>275,012</u>	<u>18,420</u>	<u>293,432</u>	<u>248,118</u>
<u>Fixed Assets:</u>				
Land	42,371	0	42,371	42,371
Buildings	71,430	0	71,430	71,430
Building Improvements	427,465	0	427,465	432,465
Furniture and Fixtures	69,983	0	69,983	69,983
Equipment	85,944	0	85,944	84,775
Vehicles	29,950	0	29,950	29,950
Less: Accumulated Depreciation	<u>(383,446)</u>	<u>0</u>	<u>(383,446)</u>	<u>(348,446)</u>
Net Fixed Assets	<u>343,697</u>	<u>0</u>	<u>343,697</u>	<u>382,528</u>
<u>Other Assets:</u>				
Investments at Market Value	<u>70,022</u>	<u>0</u>	<u>70,022</u>	<u>60,030</u>
Total Other Assets	<u>70,022</u>	<u>0</u>	<u>70,022</u>	<u>60,030</u>
Total Assets	<u>\$ 688,731</u>	<u>\$ 18,420</u>	<u>\$ 707,151</u>	<u>\$ 690,676</u>

See Notes and Independent Auditor's Report

SERENITY PLACE
NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE AFFILIATE
Statements of Financial Position
As of June 30,

LIABILITIES AND NET ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Totals</u>	<u>2012 Totals</u>
<u>Current Liabilities:</u>				
Accounts Payable	\$ 21,034	\$ 0	\$ 21,034	\$ 60,319
Accrued Expenses	46,953	0	46,953	51,878
Deferred Revenue	20,115	0	20,115	31,015
Line of Credit	37,800	0	37,800	0
Current Portion of Notes Payable	<u>6,926</u>	<u>0</u>	<u>6,926</u>	<u>9,527</u>
Total Current Liabilities	<u>132,828</u>	<u>0</u>	<u>132,828</u>	<u>152,739</u>
<u>Long Term Liabilities:</u>				
State Loan Payable	20,000	0	20,000	20,000
Notes Payable, Net of Current Portion	<u>30,000</u>	<u>0</u>	<u>30,000</u>	<u>41,926</u>
Total Long Term Liabilities	<u>50,000</u>	<u>0</u>	<u>50,000</u>	<u>61,926</u>
Total Liabilities	<u>182,828</u>	<u>0</u>	<u>182,828</u>	<u>214,665</u>
<u>Net Assets:</u>				
Unrestricted Net Assets	505,903	0	505,903	450,463
Temporarily Restricted Net Assets	<u>0</u>	<u>18,420</u>	<u>18,420</u>	<u>25,548</u>
Total Net Assets	<u>505,903</u>	<u>18,420</u>	<u>524,323</u>	<u>476,011</u>
Total Liabilities and Net Assets	<u>\$ 688,731</u>	<u>\$ 18,420</u>	<u>\$ 707,151</u>	<u>\$ 690,676</u>

See Notes and Independent Auditor's Report

SERENITY PLACE
NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCY AFFILIATE
Statements of Activities and Changes in Net Assets
For The Years Ended June 30,

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Totals</u>	<u>2012 Totals</u>
<u>Revenue and Support:</u>				
Governmental Agency Revenue	\$ 803,970	\$ 0	\$ 803,970	\$ 746,303
Contributions	46,974	0	46,974	77,098
Grants	63,000	9,864	72,864	90,686
Charges For Services	466,192	0	466,192	426,307
Fundraising	24,370	0	24,370	20,542
Other Revenue	6,867	0	6,867	7,443
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	16,992	(16,992)	0	0
Total Revenue and Support	<u>1,428,365</u>	<u>(7,128)</u>	<u>1,421,237</u>	<u>1,368,379</u>
<u>Expenses:</u>				
Program Services	1,193,850	0	1,193,850	1,159,502
Fundraising	81,123	0	81,123	58,359
General and Administrative	107,954	0	107,954	154,972
Total Expenses	<u>1,382,927</u>	<u>0</u>	<u>1,382,927</u>	<u>1,372,833</u>
Excess (Deficit) of Revenue and Support over Expenses	<u>45,438</u>	<u>(7,128)</u>	<u>38,310</u>	<u>(4,454)</u>
<u>Other Revenue (Expenses):</u>				
Interest and Investment Income	1,366	0	1,366	1,554
Holding Gain (Loss) on Investments	8,636	0	8,636	(11,435)
Gain (Loss) on Investments Sold	0	0	0	5,948
Total Other Revenue (Expenses)	<u>10,002</u>	<u>0</u>	<u>10,002</u>	<u>(3,933)</u>
Net Increase (Decrease) in Net Assets	55,440	(7,128)	48,312	(8,387)
Net Assets - Beginning of Period	<u>450,463</u>	<u>25,548</u>	<u>476,011</u>	<u>498,530</u>
Prior Period Adjustment (See Note 10)	0	0	0	(14,132)
Net Assets - Beginning of Period (Adjusted)	<u>450,463</u>	<u>25,548</u>	<u>476,011</u>	<u>484,398</u>
Net Assets - End of Period	<u>\$ 505,903</u>	<u>\$ 18,420</u>	<u>\$ 524,323</u>	<u>\$ 476,011</u>

See Notes and Independent Auditor's Report

SERENITY PLACE
NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE
Statements of Functional Expenses
For The Years Ended June 30,

	<u>Program Services</u>				
	<u>REAP</u>	<u>Withdrawal Management</u>	<u>Tirrell House</u>	<u>Intensive Out Patient</u>	<u>Lin's Place</u>
<u>Expenses:</u>					
Salaries and Wages	\$ 189,685	\$ 56,690	\$ 215,830	\$ 41,439	\$ 260,878
Payroll Taxes	18,686	4,732	20,993	4,039	25,832
Employee Benefits	24,890	16,683	22,108	0	43,493
Client Food	3,527	4,024	31,425	0	18,325
Professional Fees	362	38	1,905	103	812
Depreciation	4,867	11,614	2,267	0	3,871
Utilities	5,621	1,699	12,171	0	11,906
Insurance	5,257	8,792	4,565	1,549	6,050
Educational Materials	12,500	0	0	0	0
Supplies	3,743	390	7,278	447	6,775
Repairs and Maintenance	4,662	3,928	9,967	0	9,210
OADAP Client Charge	5,375	0	0	0	0
Fundraising Events	0	0	0	0	0
Office Expense	1,724	192	3,291	311	2,186
Telephone and Internet	2,213	625	2,641	0	4,795
Staff Development	699	143	5,627	386	1,346
Equipment Lease	659	301	0	0	1,209
Bank and Credit Card Fees	3,615	0	0	0	0
Travel and Entertainment	267	54	619	28	1,265
Advertising	0	0	588	0	88
Dues and Subscriptions	408	248	512	224	955
Postage	1,406	154	484	0	711
Licenses and Fees	226	41	15	0	296
Interest	0	11	0	0	107
Board Expenses	0	0	0	0	0
Client Expense	0	10	0	0	39
Printing	256	66	143	78	509
Miscellaneous	164	163	21	35	693
Contributions	0	0	0	0	0
Total Expenses	<u>\$ 290,812</u>	<u>\$ 110,598</u>	<u>\$ 342,450</u>	<u>\$ 48,639</u>	<u>\$ 401,351</u>

-Continued on Next Page-

See Notes and Independent Auditor's Report

SERENITY PLACE
NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE
Statements of Functional Expenses
For The Years Ended June 30,

	Total Program Services	Supporting Services		2013 Total	2012 Total
		Fundraising	General Management		
<u>Expenses:</u>					
Salaries and Wages	\$ 764,522	\$ 46,434	\$ 58,359	\$ 869,315	\$ 855,780
Payroll Taxes	74,282	4,250	5,105	83,637	83,348
Employee Benefits	107,174	3,295	1,537	112,006	121,979
Client Food	57,301	0	0	57,301	58,280
Professional Fees	3,220	4,924	11,017	19,161	14,244
Depreciation	22,619	0	12,381	35,000	32,069
Utilities	31,397	2,252	1,652	35,301	35,865
Insurance	26,213	341	2,209	28,763	24,962
Educational Materials	12,500	0	0	12,500	15,000
Supplies	18,633	790	423	19,846	25,182
Repairs and Maintenance	27,767	1,405	414	29,586	28,197
OADAP Client Charge	5,375	0	0	5,375	13,400
Fundraising Events	0	12,528	0	12,528	6,806
Office Expense	7,704	262	1,437	9,403	10,359
Telephone and Internet	10,274	1,084	568	11,926	9,980
Staff Development	8,201	1,022	1,316	10,539	11,731
Equipment Lease	2,169	237	178	2,584	2,644
Bank and Credit Card Fees	3,615	150	3,287	7,052	4,850
Travel and Entertainment	2,233	301	637	3,171	3,891
Advertising	676	900	0	1,576	2,431
Dues and Subscriptions	2,347	240	1,667	4,254	3,922
Postage	2,755	227	264	3,246	3,135
Licenses and Fees	578	58	688	1,324	1,026
Interest	118	0	2,198	2,316	265
Board Expenses	0	0	349	349	516
Client Expense	49	0	0	49	25
Printing	1,052	127	44	1,223	2,414
Miscellaneous	1,076	296	2,174	3,546	532
Contributions	0	0	50	50	0
Total Expenses	<u>\$ 1,193,850</u>	<u>\$ 81,123</u>	<u>\$ 107,954</u>	<u>\$ 1,382,927</u>	<u>\$ 1,372,833</u>

See Notes and Independent Auditor's Report

SERENITY PLACE
NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE AFFILIATE
Statements of Cash Flow
For the Years Ended June 30,

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Totals</u>	<u>2012 Totals</u>
<u>Cash Flows from Operating Activities:</u>				
Net Increase (Decrease) in Net Assets	\$ 55,440	\$ (7,128)	\$ 48,312	\$ (8,387)
<u>Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:</u>				
Depreciation	35,000	0	35,000	32,069
Realized (Gain) Loss on Sale of Investments	0	0	0	(5,948)
Holding (Gain) Loss on Investments	(8,636)	0	(8,636)	11,435
Prior Period Adjustment	0	0	0	(14,132)
(Increase) Decrease in Receivables	(30,972)	0	(30,972)	(137,576)
(Increase) Decrease in Prepaid Expenses	(2,199)	0	(2,199)	7,289
Increase (Decrease) in Accounts Payable	(39,285)	0	(39,285)	51,678
Increase (Decrease) in Accrued Expenses	75	0	75	24,944
Increase (Decrease) in Deferred Revenue	(10,900)	0	(10,900)	(41,290)
Total Adjustments	(56,917)	0	(56,917)	(71,531)
Net Cash Flows Provided by (Used for) Operating Activities	(1,477)	(7,128)	(8,605)	(79,918)
<u>Cash Flows from Investing Activities:</u>				
Acquisitions of Equipment	(1,169)	0	(1,169)	(88,945)
Proceeds Upon Sale of Investments	0	0	0	40,010
Acquisitions of Investments	(1,356)	0	(1,356)	(1,501)
Net Cash Flows Provided by (Used for) Operating Activities	\$ (2,525)	\$ 0	\$ (2,525)	\$ (50,436)

-Continued on Next Page-

See Notes and Independent Auditor's Report

SERENITY PLACE
NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE AFFILIATE
Statements of Cash Flow
For the Years Ended June 30,

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Totals</u>	<u>2012 Totals</u>
<u>Cash Flows from Financing Activities:</u>				
Principal Payments on Notes Payable	\$ (9,527)	\$ 0	\$ (9,527)	\$ (9,393)
Forgiveness of Debt (See Note 3)	(5,000)	0	(5,000)	(5,000)
Proceeds from Line of Credit	67,800	0	67,800	0
Payments on Line of Credit	<u>(30,000)</u>	<u>0</u>	<u>(30,000)</u>	<u>0</u>
Net Cash Flows Provided by (Used for) Financing Activities	<u>23,273</u>	<u>0</u>	<u>23,273</u>	<u>(14,393)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	19,271	(7,128)	12,143	(144,747)
Cash and Cash Equivalents - Beginning of Year	<u>40,810</u>	<u>25,548</u>	<u>66,358</u>	<u>211,105</u>
Cash and Cash Equivalents - End of Year	<u>\$ 60,081</u>	<u>\$ 18,420</u>	<u>\$ 78,501</u>	<u>\$ 66,358</u>
Supplemental Cash Flow Disclosures:				
Interest (net of amount capitalized)	<u>\$ 2,316</u>	<u>\$ 0</u>	<u>\$ 2,316</u>	<u>\$ 265</u>

See Notes and Independent Auditor's Report

SERENITY PLACE
NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE AFFILIATE
Notes to the Financial Statements
June 30, 2013 and 2012

Nature of Organization:

Serenity Place, National Council on Alcoholism and Drug Dependence Affiliate (the "Organization") is a non-profit organization existing for the purpose of providing alcohol and drug abuse information, education, referral, crisis intervention, and residential services.

Note 1 - Summary of Significant Accounting Principles:

A. Basis of Presentation

The Organization presents its financial statements on the accrual basis of accounting. The accrual basis recognizes income when earned and expenses when they occur.

B. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid deposits with maturity of three months or less to be cash and/or cash equivalents.

C. Use of Estimates in the Preparation of Financial Statements

Management used estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

D. Accounting Principles

Under current accounting standards, the Organization is required to report information regarding its financial position and activities according to three classes of net assets. Those three classes are as follows:

Unrestricted Net Assets:

The portion of net assets of a not-for-profit Organization that is neither permanently restricted nor temporarily restricted by donor imposed stipulations.

-Continued on Next Page-

SERENITY PLACE
NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE AFFILIATE
Notes to the Financial Statements
June 30, 2013 and 2012

Note 1 - Summary of Significant Accounting Principles - continued:

D. Accounting Principles - Continued

Temporarily Restricted Net Assets:

The portion of net assets of a not-for-profit Organization resulting (a) from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) for reclassifications to or from other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillments and removal by actions of the Organization pursuant to those stipulations. Temporarily Restricted Net Assets at June 30, 2013 and 2012 were \$18,420 and \$25,548, respectively.

Permanently Restricted Net Assets:

The portion of net assets of a not-for-profit Organization resulting (a) from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organizations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications from or to other classes of net assets as a consequence of donor-imposed stipulations. There are no Permanently Restricted Net Assets at June 30, 2013 and 2012.

E. Income Taxes

The Organization is exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code. There are no state income taxes due to the fact that the State of New Hampshire recognizes Section 501(c)(3) for exemption of organizations that are organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes. The Center's evaluation on June 30, 2013 and 2012 revealed no uncertain tax positions that would have a material impact of the financial statements.

The Organization's information returns are subject to possible examination by the taxing authorities. For federal purposes the returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

-Continued on Next Page-

SERENITY PLACE
NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE AFFILIATE
Notes to the Financial Statements
June 30, 2013 and 2012

Note 1 - Summary of Significant Accounting Principles - Continued:

F. Fixed Assets

Fixed assets are recorded at historical cost at the time of acquisition. Depreciation is calculated by the straight-line method over their estimated useful lives ranging from five to fifteen years. Repairs and maintenance are charged to operations as incurred, whereas major betterments are capitalized. The estimated useful lives of the assets are as follows:

<u>Description</u>	<u>Method</u>	<u>Life</u>
Furniture and Fixtures	Straight-Line	5-7 years
Equipment	Straight-Line	3-5 years
Vehicles	Straight-Line	5 years
Buildings and Improvements	Straight-Line	5-31.5 years

G. Accounts Receivable

Accounts receivable are reported at net realizable value. Net realizable value is equal to the gross amount of receivables less an estimated allowance for uncollectible accounts.

H. Donor-Restricted Contributions

The Organization's policy is to report donor-restricted contributions whose restrictions are met in the same reporting period, as unrestricted support, as there is no effect to reported restricted net assets.

I. Investments

The Organization accounts for investments following current accounting standards, under which its marketable investment securities are reported at fair market value at the date of the financial statements. Accordingly, realized gains and losses resulting from sales or distributions, as well as unrealized holding gains and losses are included in the statement of activities. Realized gains or losses are reflected as increases or decreases in the Organization's unrestricted net assets. The net change in unrealized holding gains or losses since the last fiscal year end are also recorded as increases or decreases in the Organization's operations.

-Continued on Next Page-

SERENITY PLACE
NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE AFFILIATE
Notes to the Financial Statements
June 30, 2013 and 2012

Note 1 - Summary of Significant Accounting Principles - Continued:

J. Advertising

The Organization follows the policy of charging the costs of advertising to expense as they are incurred. Advertising expenses were \$1,576 and \$2,431 for the years ended June 30, 2013 and 2012, respectively.

K. Functional Allocation of Expenses

The costs of providing the various program services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 2 - Receivables:

Receivables are as follows:

	<u>2013</u>	<u>2012</u>
Oxford House	\$ 7,500	\$ 7,500
US Probation Contract	1,148	4,161
Accounts Receivable	659	475
Multiple Offender Program	13,500	26,750
Grant Receivable	59,000	41,437
NH Department of Health and Human Services	117,292	87,804
	\$ <u>199,099</u>	\$ <u>168,127</u>

SERENITY PLACE
NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE AFFILIATE
Notes to the Financial Statements
June 30, 2013 and 2012

Note 3 - Notes Payable:

At June 30, 2013 and 2012, notes payable were as follows:

	<u>2013</u>	<u>2012</u>
Note Payable to the City of Manchester, bearing a fixed annual interest rate of 0%, payable in annual installments of \$5,000. Matures in October 2018. The City has the option to forgive \$25,000 over the first 5 years of the note. \$5,000 was forgiven for the years ended June 30, 2013 and 2012.	\$ 35,000	\$ 45,000
Note payable to the City of Manchester, bearing a fixed annual interest rate of 3%, payable in monthly installments of \$388. Matures in November 2013.	1,926	6,453
Total Notes Payable	<u>36,926</u>	<u>51,453</u>
Less: Current Maturities on Notes Payable	<u>(6,926)</u>	<u>(9,527)</u>
Notes Payable – Long-Term Portion	<u>\$ 30,000</u>	<u>\$ 41,926</u>

Future minimum principal payments are as follows:

<u>For The Fiscal Years</u> <u>Ended June 30,</u>	<u>Notes</u> <u>Payable</u>
2014	\$ 6,926
2015	5,000
2016	5,000
2017	5,000
2018 and Thereafter	15,000
Totals	\$ <u>36,926</u>

-Continued on Next Page-

SERENITY PLACE
NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE AFFILIATE
Notes to the Financial Statements
June 30, 2013 and 2012

Note 4 – State Loan Payable:

At June 30, 2013 and 2012, the organization has a State Loan Payable of \$20,000. This loan is for the Oxford House and will be repaid to the State if the Organization decides to not participate in the program.

Note 5 – Temporarily Restricted Net Assets:

Temporarily Restricted Net Assets at June 30, 2013 consist of the following:

Von Webber Foundation – Tirrell House	\$ 9,864
Samuel Hunt Foundation – Building Repairs	<u>8,556</u>
	\$ <u>18,420</u>

Note 6 – Concentration of Credit Risk – Cash in Bank:

The Organization maintains its bank accounts with commercial banks, which could at times exceed federally insured limits. Management considers this risk minimal.

Note 7 – Concentration of Revenue and Support Sources:

The Organization's primary source of revenues are Block Grants for Prevention and Treatment of Substance Abuse passed through by the State of New Hampshire. Revenue is recognized as earned under the terms of the grant contract. Other support originates from charges for private services and miscellaneous income and grants.

Note 8 – Contributions:

Donated materials, equipment and essential services are reflected as contributions in the accompanying financial statements at fair market value, at the date of the donation. The Organization also adopted a policy to record an in-kind donation for food procured at a below market rate from another non-profit organization. These Transactions have been recorded as follows.

	<u>2013</u>	<u>2012</u>
Donated services, materials, equipment and food	\$ 29,480	\$ 37,676

SERENITY PLACE
NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE AFFILIATE
Notes to the Financial Statements
June 30, 2013 and 2012

NOTE 9 – Line of Credit:

As of June 30, 2013 there was a \$100,000 line of credit available through a commercial bank. Interest is charged at prime plus 0.5%, 3.75% as of June 30, 2013. At June 30, 2013 there was \$38,700 outstanding on this credit line.

NOTE 10 – Prior Period Adjustment:

A prior period adjustment was made to decrease the beginning balance of the Unrestricted Net Assets to the actual balance at June 30, 2011. The prior period adjustment was made due to an increase in the accrued vacation liability that was \$14,132.

NOTE 11 – Subsequent Events:

Subsequent events have been evaluated thru December 13, 2013, which is the date the financial statements were available to be issued.



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate
Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

G&C Approved

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

Date 6/5/13

Item # 102A

102A
50.6% Federal
47.4% General

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug and Alcohol Services, to exercise renewal options with vendors by increasing the price limitations by \$7,596,887 in aggregate from \$7,596,890 in aggregate to \$15,193,777 in aggregate for a continuum of substance abuse treatment services state-wide and extending the completion date from June 30, 2013 to June 30, 2014, effective July 1, 2013 or date of Governor and Council approval, whichever is later.

Summary of contracted amounts by vendor:

<u>Vendor</u>	<u>Amount</u>
Child and Family Services of New Hampshire	\$86,803
Concord Hospital, Inc.	\$74,406
Families First of the Greater Seacoast	\$28,922
Families in Transition	\$332,530
Greater Nashua Council on Alcoholism	\$1,356,945
Headrest, Inc.	\$251,450
Horizons Counseling Center, Inc.	\$189,576
Manchester Alcoholism Rehabilitation Center	\$1,120,599
The Mental Health Center of Greater Manchester, Inc.	\$27,114
Monadnock Family Services	\$97,819
Northern Human Services	\$199,025
Phoenix Houses of New England, Inc.	\$1,457,490
National Council on Alcoholism and Drug Dependence of Greater Manchester	\$432,468
Southeastern New Hampshire Alcohol and Drug Abuse Services	\$1,329,836
Tri-County Community Action Programs, Inc.	\$611,904
TOTAL	\$7,596,887

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 2 of 4

Funds to support this request are anticipated to be available in the following accounts in SFY 2014 upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts within the price limitation and amend the related terms of the contracts without further approval from Governor and Executive Council.

05-95-49-491510-2989 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, GOVERNOR COMMISSION FUNDS (100% General Funds)

05-95-49-491510-2990 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, CLINICAL SERVICES (34.4% General 65.6% Federal)

Please see attachment for financial details

EXPLANATION

The requested action seeks approval of 15 of 17 agreements that represent \$7,596,887 of the \$7,741,314 total anticipated to be spent state-wide to provide a continuum of substance abuse treatment services via the accounting codes listed. These services include community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children. This request seeks to exercise the renewal option that exists within each of the vendor contracts. The Department anticipates that the remaining two agreements will be presented to Governor and Executive Council on June 19, 2013.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, these contracts will continue to allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

The vendors were originally selected for this agreement through a competitive bid process. This request covers services for the period July 1, 2013 to June 30, 2014, and anticipates exercising the option to renew for one additional year as provided all of the previous vendor contracts, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with the listed vendors in State Fiscal Year 2013 in the amount of \$7,741,314 in the aggregate. This agreement represents level funding of all vendors.

The following performance measures will be used to measure the effectiveness of the agreements:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for I intensive outpatient treatment services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 4 of 4

Contractors, with the exception of those agencies that only offer outpatient services, are required to develop the capacity for group recovery support aftercare services for a minimum of 25% of the number treatment clients (including outpatient and transitional living program clients) they are under contract to serve. Group recovery support aftercare services are services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Recovery Support Services include, but are not limited to, guidance in financial management, parenting, vocational training, life management and spiritual counseling as well as transportation and child-care. These group recovery support services are for clients discharged from substance use disorder treatment services provided under contract with the Bureau of Drug and Alcohol Services on behalf of the Department, which may include clients that had received SUD treatment from the Contractor or a different agency. Contractors are only allowed to access these services for their clients or clients that had received substance use disorder treatment from a different agency through the statewide care coordination program under agreement with the Bureau of Drug and Alcohol Services on behalf of the Department.

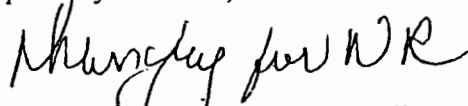
All treatment programs under contract with the Bureau of Drug and Alcohol Services on behalf of the Department are required to report on the National Outcome Measures (see attached) established by the Substance Abuse and Mental Health Services Administration, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the Electronic Health Record/Web Infrastructure Treatment System. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions. The Contractor is expected to meet or exceed these percentages as measured by the Electronic Health Record/Web Infrastructure Treatment System.

Area served: State-wide

Source of Funds: 52.6% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant and 47.4% General .

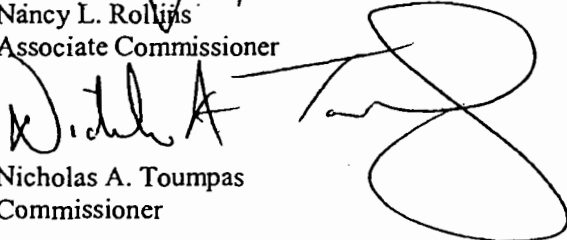
In the event that the Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
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Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

May 25, 2012

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

Approved by: G+C
Date: 6/20/12
Item No.: 107
Contract No 1024147

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug & Alcohol Services, to enter into an agreement with National Council on Alcoholism and Drug Dependence of Greater Manchester, (Vendor #177265 B001), 101 Manchester Street, Manchester, NH 03105, to provide for a continuum of substance abuse treatment services, in an amount not to exceed \$432,468.00 to be effective July 1, 2012 or date of Governor and Council approval, whichever is later, through June 30, 2013. Funds are available in the following accounts for State Fiscal Year 2013:

05-95-95-958410-5365 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, ALCOHOL AND OTHER TREATMENT

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95846501	\$198,914.00
			Subtotal	\$198,914.00

05-95-95-958410-1388 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT AND PREVENTION, GOVERNOR

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95848501	\$97,024.00
			Subtotal	\$97,024.00

05-95-95-958410-1387 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, TREATMENT-PREVENTION-STATE

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95841387	\$136,530.00
			Subtotal	\$136,530.00
			Total	\$432,468.00

EXPLANATION

The purpose of this agreement is to provide a continuum of substance abuse treatment services such as community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children, in the Manchester area.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, this contract will allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
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In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

National Council on Alcoholism and Drug Dependence/Greater Manchester was selected for this agreement through a competitive bid process. A Request for Proposals was posted on the Department's web site on March 6, 2012 through April 2, 2012. In addition, a bidder's conference was held on March 12, 2012.

A total of 19 proposals were received. A review committee of three professionals reviewed each proposal. All reviewers have between three to twenty years experience managing agreements with vendors for various public health programs. Areas of specific expertise include: maternal and child health; substance abuse prevention and treatment; chronic and communicable diseases; and public health infrastructure. Eighteen of the proposals were selected for funding based on review criteria that included availability of funds, consistency with stated funding priorities, technical score, and equitable geographic distribution. The agency that was not selected did not meet the minimum scoring criteria established for funding. The Bid Summary is attached.

This request covers services for the period July 1, 2012 to June 30, 2013, with an option to renew for one additional year, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with this agency in State Fiscal Year 2012 in the amount of \$432,468.00. This agreement represents level funding.

The following performance measures will be used to measure the effectiveness of the agreement:

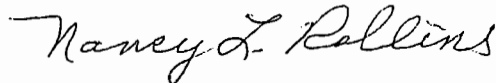
- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services (OP)
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services (IOP) – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for IOP services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Area served: Manchester area.

Source of Funds: 46.00% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant, 50.85% General Funds and 3.15% Other (Highway) Funds.

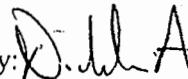
In the event that the Federal or Other Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner



NLR/mfl



**State of New Hampshire
Department of Health and Human Services
Amendment #2 to the Substance Use Disorder Treatment and Recovery Support Services
Contract**

This 2nd Amendment to the Substance Use Disorder Treatment and Recovery Support Services contract (hereinafter referred to as "Amendment 2") dated this 15th day of May 2014, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and South Eastern New Hampshire Alcohol and Drug Abuse Services (hereinafter referred to as "the Contractor"), a non-profit corporation with a place of business at 272 County Farm Road, Dover, NH 03820.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on June 20, 2012, (item # 105) and amended by an agreement (Amendment #1 to the Contract) approved on June 5, 2013, (Item # 102A), 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, the State may amend the Contract by written agreement of the parties; and;

WHEREAS, the parties agree to extend the current contract by one year.

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:

- 1) Amend Form P-37, Block 1.6 to read:
 - a) 05-95-49-491510-29890000-102-500734
 - b) 05-95-49-491510-29900000-102-500734
- 2) Amend Form P-37, Block 1.7 to read June 30, 2015.
- 3) Amend Form P-37, Block 1.8 to read \$3,989,508
- 4) Delete Exhibit A and replace with Exhibit A Amendment #2
- 5) Delete Exhibit B and replace with Exhibit B Amendment #2
- 6) Add Exhibit B-6 Amendment #2



New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services

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

5/28/14
Date

John F. Rod
NAME
TITLE Director

South Eastern New Hampshire Alcohol and Drug
Abuse Services

5-21-14
Date

Heidi Moran
NAME HEIDI MORAN,
TITLE Clinical Administrator

Acknowledgement:

State of NEW HAMPSHIRE County of STRAFFORD on MAY 21ST 2014, 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

Heidi Young - ADMINISTRATOR'S ASSISTANT
Name and Title of Notary or Justice of the Peace

HEIDI J. YOUNG, Notary Public
My Commission Expires March 12, 2019

Contractor Initials: Am
Date: 5-21-14

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

OFFICE OF THE ATTORNEY GENERAL

6-2-14
Date

Rosemary Wiant
Name: Rosemary Wiant
Title: Assistant Attorney General

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:



Exhibit A Amendment #2

Scope of Services

A. Population Served

Services are available to New Hampshire residents who meet diagnostic, financial, and other eligibility criteria for Department of Health and Human Services supported substance use disorder services as defined in Section C, Clients Eligible for Treatment Services.

B. The Contractor shall provide treatment services as identified below:

Service Table - An "X" denotes that the Contractor shall provide that service(s) to eligible individuals in accordance with all applicable laws, rules, and regulations and terms and conditions of this Agreement.

Required Services	Treatment Services
X	Outpatient Treatment (ASAM Level 1) - Substance abuse treatment services provided in individual and group counseling sessions in a non-residential setting. Clients may be enrolled in outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Outpatient Treatment (ASAM Level 1) – Pregnant & Parenting Women – Outpatient Treatment as identified above provided to pregnant & parenting women.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – A combination of individual and group substance abuse treatment services conducted in an outpatient setting for a minimum of 3 hours of direct client treatment services per day for a minimum of three days per week. Clients receiving less than this level of service should be enrolled in an outpatient program. Clients may be enrolled in intensive outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – Pregnant & Parenting Women - Intensive Outpatient Treatment as identified above provided to pregnant & parenting women.
X	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Residential substance abuse treatment services are designed to support individuals in the early stages of recovery that need this residential level of care and/or are homeless. The goal of these programs is to prepare clients to become self-sufficient in the community. Clients may be enrolled in low-intensity residential treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days. Residents typically work in the community and may pay a portion of their room and board.
X	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Pregnant Women - Low-Intensity Residential Treatment as identified above provided to

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



Exhibit A Amendment #2

	pregnant & parenting women.
X	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Short-term residential substance abuse treatment designed to assist individuals who require a more intensive level of service in a structured setting and/or individuals that may be homeless. Admission is on a voluntary basis. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Pregnant Women - High-Intensity Residential – Adult and Medium Intensity Residential – Adolescent as identified above provided to pregnant women.
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5) - Residential treatment services for pregnant and parenting women and their children. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Recovery Support Services: Group or individual services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Examples of recovery support services include, but are not limited to: assisting clients with enrollment in Medicaid, the New Hampshire Health Protection Program (NHHPP), or private insurance, anger management, financial management, communication skills, spiritual support, parenting skills, health management, case management, organization and time management, recovery coaching, recovery mentoring, stress management, and vocational services. Programs may focus on a single recovery support service or provide a curriculum that includes an array of recovery support services. Types of Recovery Support Services are listed below:
X	Continuous recovery monitoring services are regular follow-ups with clients to assess the status of the client's recovery, identify any needs the client may have and help the client to address those needs, and provide early intervention for client's who have relapsed or who's recovery is otherwise at risk.
X	Enhanced Services are specialized services that remove barriers to a client's participation in treatment. Examples of these services are child care while a parent is participating in treatment or transportation to and/or from the treatment site.
X	Recovery Support Services as identified above provided to pregnant & parenting women.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

C. Required Services

Priority Admission:

- 1) The Contractor shall give admission preference to pregnant women and women with dependent children, even if the children are not in their custody, as long as parental rights have not been terminated, including the provision of interim services within the required 48 hour time frame.
- 2) Individuals with a history of injection drug use including the provision of interim services within 14 days.
- 3) Individuals with a primary diagnosis of a substance use disorder, which may also include a co-occurring mental health disorder.
- 4) Individuals on medication-assisted treatment for co-occurring substance abuse and mental health disorders or various opiate replacement therapies, including, but not limited to, methadone, buprenorphine and naltrexone.

Required Outreach:

New Hampshire Department of Health & Human Services (DHHS) programs receiving federal treatment Block Grant funds requires that Contractors must publicize services available to pregnant or parenting women and injection drug users in need of substance abuse treatment and that these individuals receive preference for admission to treatment. This may be done as follows, but is not limited to, street outreach programs, ongoing public service announcements (radio/television), regular advertisements in local/regional print media, posters placed in targeted areas, and frequent notification of availability of such treatment distributed to the network of community based organizations, health care providers and social service agencies. The Contractor will submit their outreach plans to DHHS through the Bureau of Drug and Alcohol Services (BDAS) within 60 days of contract effective date.

Health Facilities Administration Licensing Requirements:

Housing programs with substance abuse treatment services at the same location will need to secure necessary licensing as a Residential Rehabilitation Facility by the DHHS Bureau of Health Facilities Administration, as appropriate, see He-P 807 at the following link: (http://www.gencourt.state.nh.us/rules/state_agencies/he-p800.html). Any contractor with an American Society of Addiction Medicine (ASAM) (October 2013) Level 3.3 or higher level program must secure this licensing for all Level 3 programs housed within the same facility as the Level 3.3 program. In the case of residential treatment and housing at the same site, residential programs should plan to treat no more than 16 pregnant or parenting women at any given time to comply with federal Medicaid restrictions on Institute for Mental Diseases (IMD) exclusion criteria. This restriction would not apply to programs in which the client's residence is in a separate location from the treatment program.

Capacity Reporting:

The Contractor must contact BDAS, as agent for DHHS, when their capacity has reached 90% within 5 business days. The Contractor must refer pregnant women to the State when the Contractor has insufficient capacity to provide services to any such pregnant women who seek the services of the program. Sending e-mail to the BDAS Clinical Services Unit Administrator may complete this notification process.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

Access to Services:

The Contractor shall respond to calls requesting treatment and/or transitional living program services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within 2 business days following the day the call was received.

The Contractor is required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.

Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client should be referred to a DHHS funded provider where they are able to access interim services.

Contractors receiving grant funds from DHHS will not discriminate against clients who are using legitimate medications to assist their recovery and will not have policies that allow them to refuse admission to treatment or to discharge clients from treatment based on the use of appropriately prescribed medications and various opiate replacement therapies, including, but not limited to, methadone and buprenorphine, as well as other forms of medication-assisted treatment for co-occurring substance abuse and mental health disorders.

Clients Eligible for Treatment Services:

In order to be eligible for DHHS supported services, a client must meet all eligibility criteria described below. Eligibility determination shall be conducted as follows:

1. Substance Use Disorder, Financial Eligibility & Residency Screening: The contractor shall complete the eligibility screening module in the Web Information Technology System (WITS) to determine if the client meets residency, financial, and substance use disorder potential eligibility requirements:
 - a. Residency: The client must be a resident of New Hampshire or homeless in New Hampshire to be eligible for DHHS supported services; and
 - b. Financial Eligibility: The client's income must be below 400% of Federal Poverty Level (FPL) to be eligible for DHHS supported services based on the sliding fee scale described below. Once the screening has been completed, the contractor shall print the associated attestation and have the client sign this document. A copy of the signed attestation shall be maintained in the client file. The client's financial eligibility shall be reassessed no less than every 120 days.; and
 - c. Potential for a Substance Use Disorder: The client must screen positive for a potential substance use disorder to be eligible for DHHS funded services.
2. Evaluation: The contractor shall conduct a full substance abuse evaluation, which includes administration of either the Addiction Severity Index (ASI) in WITS or Global Appraisal of Individual Needs (GAIN).
 - a. Substance Use Disorder: This evaluation shall be used to determine if the client meets Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM5) criteria for a substance use disorder. Clients who meet DSM5 criteria for a substance use disorder are eligible for DHHS funded services. Client who do not meet these criteria are not eligible for DHHS funded services.



Exhibit A Amendment #2

- b. Level of Care: For clients who have met all other eligibility requirements, this evaluation shall be used to determine the appropriate level of care for the client based on ASAM (October 2013) criteria. The client is eligible for DHHS funded services at the assessed level of care unless such a level of care is unavailable or the client chooses to enter a lower level of care. If the assessed level of care is unavailable, the client may choose to enter the next higher level of care.
3. Medicaid/NHHPP Eligibility: The contractor shall determine whether or not the client is eligible for Medicaid/NHHPP coverage for the identified level of care. If the client is not eligible for Medicaid/NHHPP coverage for the identified level of care, the client may be eligible for DHHS funded services. If the client is eligible for Medicaid/NHHPP coverage for the identified level of care, the client is not eligible for DHHS funded services.
4. Insurance Coverage: The contractor shall determine whether or not the client has insurance that will cover services at the identified level of care. If the client does not have insurance that will reimburse for these services at a rate equal to or greater than the DHHS rate, the client is eligible for DHHS funded services. If the client has insurance that will reimburse for these services at an amount equal or greater to the DHHS reimbursement rate, the client is not eligible for DHHS funded services. The contractor may not charge the combination of the client, any 3rd party payor, and DHHS more than the maximum charge allowed. These parties shall be charged in the following order:
 - a. The maximum allowed charge will be billed to the client's insurer, if applicable.
 - b. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
 - c. The balance of the maximum allowed charge after deducting the client's portion and the insurance payment, if applicable, shall be charged to DHHS.

Sliding Fee Scale:

The contractor shall not charge the combination of the client, any 3rd party payor and BDAS an amount greater than the maximum rate allowed for each service. All reasonable efforts shall be made to collect payment of bills. A client's inability to pay shall not preclude admission to the program and treatment.

- Client Income is 0% - 138% of FPL: 100% of the allowed charge less any amount paid for by insurance.
- Client Income is 139% - 149% of FPL: 92% of the allowed charge less any amount paid for by insurance.
- Client Income is 150% - 199% of FPL: 88% of the allowed charge less any amount paid for by insurance.
- Client Income is 200% - 249% of FPL: 75% of the allowed charge less any amount paid for by insurance.
- Client Income is 250% - 299% of FPL: 60% of the allowed charge less any amount paid for by insurance.
- Client Income is 300% - 349% of FPL: 43% of the allowed charge less any amount paid for by insurance.
- Client Income is 350% - 399% of FPL: 33% of the allowed charge less any amount paid for by insurance.

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With respect to minority age individuals, a minor child shall not be denied services as a result of the parent's unwillingness to pay the fee or the minor child's decision to receive confidential services pursuant to RSA 318-B:12-a.

Waiting List Management:

When a person who is pregnant or an injection substance abuser seeks treatment and there are no appropriate treatment services available within the required time frame as outlined below, interim services **must** be made available. The Contractor agrees to maintain the wait list management system in WITS that includes a unique patient identifier and include information on dates of requests for admission to treatment, provision of interim services and source for those services, referrals made for treatment or interim services, and disposition of clients on the waiting list.

- The waiting list must contain a mechanism that identifies and counts the number of applicants who present and are determined to be appropriate for substance abuse treatment but are unable to be placed as there is no capacity;
- Maintain contact with individuals awaiting admission; and,
- Admit or transfer waiting list clients at the earliest possible time to an appropriate treatment program within a reasonable geographic area.

The Contractor shall remove a client awaiting treatment from the waiting list only when one of the following conditions exists:

- Such persons cannot be located for admission into treatment *or*
- Such persons refuse treatment.

Specific Interim Services for Pregnant Women, Women with Dependent Children and Injection Drug Users:

The Contractor agrees to contact the BDAS Clinical Services Unit if a pregnant women and women with dependent children or individuals with a history of injection drug use, cannot be accepted into treatment within specific time frames, and agrees that interim services will be provided or facilitated by the Contractor. Interim services for pregnant women must include counseling on the effects of alcohol and drug use on the fetus, referrals for prenatal care, and counseling and education about HIV and tuberculosis. Interim services for injection drug users must also include counseling and education in the risks of needle sharing, about the risks of transmission to sexual partners and infants, and referral for HIV, Hepatitis C and tuberculosis screening/testing. All interim services shall be documented in the client's clinical record in the WITS system.

Interim Services for other Clients:

The Contractor shall provide, or refer the client to, interim services until level of service identified in the level of care assessment is available and/or the client is willing and assessed as being sufficiently motivated to take advantage of the proposed level of service or interim services. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client shall be referred to a DHHS funded provider where they are able to access interim services.

Services to pregnant and parenting women:

The Contractor further agrees that childcare will be made available to women who are in treatment with their dependent children, either through on-site care or through arrangements with an off-site legal childcare provider. Other services required are as follows:



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- The family is treated as a unit and, therefore, admits both women and their children into treatment services, if appropriate.
- The Contractor shall provide or arrange for primary medical care for women who are receiving substance abuse services, including prenatal care.
- The Contractor shall provide or arrange for childcare while the women are receiving services even if the children are not in their custody, as long as parental rights have not been terminated.
- The Contractor shall provide or arrange for primary pediatric care for the women's children, including immunizations.
- The Contractor shall provide or arrange for gender-specific substance abuse treatment and other therapeutic interventions for women that may address issues of relationships, sexual abuse, physical abuse, and parenting, and childcare while the women are receiving these services.
- The Contractor shall provide or arrange for therapeutic interventions for children in custody of women in treatment, which may, among other things, address the children's developmental needs, their issues of sexual and physical abuse, and neglect.
- The Contractor shall provide or arrange for sufficient case management and transportation services to ensure that the women and their children have access to the services provided for above.
- If a pregnant, pregnant injection drug using or Injection Drug Using person refuses treatment or says (s)he is not interested in treatment, the wait list report shall be completed with the engagement activities attempted.
- If a pregnant, pregnant injection drug using or Injection Drug Using person no shows or cancels treatment, interim services must be provided, as stipulated above and the wait list report shall be completed that demonstrates the activities of follow up, engagement and substance abuse treatment services offered.

Relationship(s) with Primary Health Care:

The Contractor shall arrange and coordinate services and exchange of information with other health care providers and agencies which:

- Identifies the client's current Primary Care Provider (PCP) at screening and/or intake.
- If the client has no current PCP, the Contractor shall identify available provider(s) in the client's local area such as a federally qualified community health center, community health center, or other local health services.
- Obtains client/patient authorization to communicate with PCP office.
- If no authorization is completed initially, the Contractor shall educate client as to the importance of engaging the PCP in ongoing care and address the client's concerns as part of treatment, with goal of obtaining authorization before discharge.
- Sends the discharge summary to PCP and offers to discuss recovery issues with the provider.
- Arranges (or has the client arrange) a post-discharge appointment with PCP for the client/patient for follow-up of the substance use disorder.

Tobacco Cessation:

The Contractor shall have policies and procedures for both client and Contractor staff, that not only creates a tobacco-free environment as required by law, but to offer tobacco cessation tools and programming. Tobacco use, in and of itself, shall not be grounds for administrative discharge from the program. Initially, all clients shall be assessed for motivation in stopping the use of tobacco products. Providers may tap into resources such as the DPHS Tobacco Prevention & Control Program (TPCP) and

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the certified tobacco cessation counselors available through the QuitLine. Other resources for providers include:

Breathe New Hampshire
145 Hollis St., Unit C
Manchester, NH 03101
603-669-2411 (phone) or 1-800-835-8647

The New Hampshire Medicaid program covers:

- Nicotine Replacement Therapy (NRT) Gum,
- NRT Patch,
- NRT Nasal Spray,
- NRT Lozenge,
- NRT Inhaler,
- Varenicline (Chantix),
- Bupropion (Zyban),
- Group Counseling and/or
- Individual Counseling. Up to 12 individual counseling sessions are covered per year through a mental health provider (Note: These sessions would NOT be in addition to other mental health counseling sessions under Medicaid). Pregnant women also have the option of group counseling. For more information, visit the website at: <http://www.dhhs.state.nh.us/DHHS/MEDICAIDPROGRAM/default.htm>

Tuberculosis:

The Contractor shall make available tuberculosis services (defined as screening, counseling, testing, and treatment) directly, or through other providers, to each client receiving treatment. In the case of an individual denied admission due to lack of capacity, the substance abuse treatment Contractor will refer the individual to another provider of tuberculosis services if appropriate. All Contractor providing residential services shall make available, either on-site or through agreements with health care providers, tuberculosis services, including screening, testing, counseling and referral for medical treatment.

Physical location and facilities:

For the purpose of providing the services described in Section II of the Scope of Services, the Contractor shall obtain and maintain a suitable space complying with all fire, health, and safety codes to include handicapped accessibility and being wheelchair accessible.

The Contractor shall obtain written prior approval of DHHS, acting through BDAS, before entering into any agreement concerning relocation of the service site.

Culturally and Linguistically Appropriate Standards of Care:

DHHS recognizes that culture and language have considerable impact on how consumers access services. Culturally and linguistically diverse populations experience barriers in efforts to access services. To ensure equal access to quality services, DHHS expects that Contractors shall provide culturally and linguistically appropriate services according to the following guidelines:

1. Assess the ethnic/cultural needs, resources and assets of their community.
2. Promote the knowledge and skills necessary for staff to work effectively with consumers with respect to their culturally and linguistically diverse environment.

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3. When feasible and appropriate, provide clients of Limited English Proficiency (LEP) with interpretation services. Persons of LEP are defined as those who do not speak English as their primary language and whose skills in listening to, speaking, or reading English are such that they are unable to adequately understand and participate in the care or in the services provided to them without language assistance.
4. The Contractor is responsible for reasonable accommodations in arranging for interpreter services for hearing impaired clients.
5. The Contractor offers consumers or clients a forum through which those individuals have the opportunity to provide feedback to the Contractor regarding cultural and linguistic issues that may deserve response.

Compliance with State and Federal Laws:

The Contractor is responsible for compliance with all relevant state and federal laws. Special attention is called to the following statutory responsibilities:

1. All services provided pursuant to this Contract shall be subject to the most current proposed or formalized rules and regulations promulgated by DHHS, pursuant to RSA 541-A.
2. The Contractor shall maintain adherence to federal and state confidentiality laws specifically: 42 CFR Part 2B, N.H. RSA 318 B:12 and N.H. RSA 172:8-A and the Health Insurance Portability and Accountability Act (HIPAA): <http://www.hhs.gov/ocr/privacy/>
3. The Contractor shall meet the standards outlined in NH Administrative Rule He-A 300, Certification and Operation of Alcohol and other Drug Disorder Treatment Programs. This administrative rule is currently expired and under revision. The Contractor should plan to meet the requirements as outlined in the expired rule until the revisions are completed. He-A 300 can be viewed on the RFP link to this document <http://www.dhhs.nh.gov/business/rfp/index.htm>.
4. The Contractor shall, upon the direction of the State, provide court-ordered evaluation in their catchment area and a sliding scale fee shall apply and the inability to pay shall not interfere with the completion and submission of the court-ordered evaluation and shall, upon the direction of the State, offer treatment to those individuals pursuant to RSA 172:13.
5. Contractors considering research, including research conducted by student interns, using individuals served by this contract as subjects must adhere to the legal requirements governing human subjects' research. Contractors must inform the DHHS via contact with BDAS prior to initiating any research involving subjects or participants related to this contract. In addition, research conducted on subjects served by this contract may need to be approved by the New Hampshire Department of Health & Human Services Committee for the Protection of Human Subjects (NH DHHS CPHS) see <http://www.dhhs.nh.gov/irb/>

Client Stabilization:

The Contractor will be expected to arrange for medical clearance for all clients receiving treatment services supported by DHHS administered by BDAS to assure that they are not at risk for acute withdrawal from alcohol and certain drugs. The Contractor shall be expected to provide a range of integrated services that include withdrawal management services that follow detoxification guidelines outlined in Treatment Improvement Protocol (TIP) #45, Detoxification and Substance Abuse Treatment and ASAM guidelines.

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



Exhibit A Amendment #2

Clinical Services:

The Contractor shall provide the following:

- a. A minimum of one (1) substance abuse counselor on site each day of the week during primary treatment hours. The substance abuse counselor shall have a bachelor's degree or equivalent in social work/psychology, guidance or nursing and/or a certificate in the field of addiction studies from an approved educational institution or educational/life experience.
- b. A minimum of one (1) substance abuse support staff on site each day of the week during all hours not covered by a substance abuse counselor. The substance abuse support staff must have a high school or General Equivalency Diploma (GED). Preference is given to individuals who have completed additional courses or taken training in substance use disorders or other health fields.
- c. An intake/admission coordinator on site Monday through Friday of each week. The intake/admission coordinator shall have one (1) years' work experience in the field of addiction studies.
- d. A full-time Executive Director, not filling any of the positions described above.

Evaluation:

The contractor shall conduct a full substance abuse evaluation, which includes administration of either the ASI or GAIN to determine eligibility for services. This evaluation must be updated every 120 days or when the client transitions to a different level of care.

Assessment of Risk for Self-Harm/Suicide: The Contractor shall have policies and practices for assessing risk of self-harm at all phases of treatment, such as at initial contact, during screening, intake, admission, on-going treatment services and at discharge, and a process for referral when necessary to include referrals to mental health services.

The Contractor shall develop policies, programs and protocols in accordance with SAMHSA guidelines as outlined in the Treatment Improvement Protocols (TIPs) and Technical Assistance Publications (TAPs). These publications can be downloaded from <http://www.kap.samhsa.gov/products/manuals/index.htm>.

Use of Best Practices: The Contractor is required to use the Addiction Severity Index (ASI) or Global Appraisal of Individual Needs (GAIN) assessment tools, the SAMHSA/NIDA MATRS treatment-planning model and the WITS electronic case management system.

Care Coordination:

The Contractor is required to assess each client's need/appropriateness for residential transitional living services and to **refer all clients for care coordination services** made available through the Access to Recovery (ATR) initiative administered by the BDAS so long as this initiative remains available on behalf of DHHS that would commence following the initial course of treatment. Contractors are required to address motivational issues with clients for them to participate effectively in the care coordination and recovery support services. Contractors are required to have clients sign the "ATR Client Participation Agreement" (made available by BDAS), indicating that they either agree or opt out of participating in these services. The contractor will facilitate all clients who agree to participate in these services to complete the Client Participation Agreement and upon obtaining a signed release of information, refer clients to an ATR Care Coordinator Program at least two weeks prior to anticipated date of discharge (dis-enrollment) from services. Assessing the need for aftercare services is expected to take place while

**New Hampshire Department of Health and Human Services
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the client is involved within the most recent episode of care, with a referral being made and accepted by the care coordination service prior to the client being discharged.

The Contractor must provide the following for use by the care coordination program:

- Private space for interviewing/meeting with clients.
- Access to internet (either wired or wireless) in the meeting space
- Telephone in the meeting space and
- A contact person at the Contractor's site for logistics.

It is the expectation of the BDAS at DHHS that, upon completion of appropriate signed releases, the Contractor will provide the care coordination program with necessary information from the clinical record (evaluation, treatment plan, progress notes, etc.) for the care coordination program to develop a service plan with the client.

All alcohol and other drug treatment providers under contract with the BDAS on behalf of DHHS are required to address with all clients, the need for continuing services. This includes clinically managed low-intensity treatment programs under contract with the BDAS on behalf of DHHS as well as care coordination and recovery support services made available through DHHS contracted providers; the ATR initiative administered by BDAS, so long as this initiative remains available; and/or any other resources that become available to pay for these services that would commence following the initial course of treatment. The referral for these services should take place prior to discharge from the initial course of treatment.

Relevant Policies and Guidelines:

The services provided for in this agreement shall be in addition to the services provided for in any other agreement between the State of New Hampshire, any of its agencies, or any of its officers, and the Contractor.

Without limiting the generality of any other provisions of this agreement, the Contractor shall cooperate fully with, and answer all questions of representatives of the State conducting any periodic or special review of the performance of the Contractor or any inspection of the facilities of the Contractor.

Publications Funded Under Contract:

All products produced under this contract are in the public domain. All products (written, video, audio) produced, reproduced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution, or use. The Contract shall credit DHHS on all materials produced under this contract.

Student Internships:

The Contractor shall establish policies and procedures related to student interns that address minimum coursework, experience and core competencies for those interns having direct contact with individuals served by this contract. Student interns shall complete an approved ethics course prior to beginning the internship.

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Staff Licensing Requirements:

The ratio of licensed to non-licensed service providers shall be as follows:

Agencies must have at least one Licensed, or Masters Licensed, Alcohol and Drug Counselor (LADC/MLADC) for each two unlicensed counselors providing substance abuse treatment services and a sufficient number of MLADCs or LADCs with the Licensed Clinical Supervision (LCS) credential to adequately provide for clinical supervision of all clinical staff. This requirement shall be met by the Contractor no later than six (6) months after the date of the Contract effective date.

Updated resumes, which clearly indicate the staff member is employed by the Contractor, including current positions of staff supported by funds provided through this Contract, shall be forwarded to the BDAS as agent for DHHS. The documentation shall include a copy of the New Hampshire Alcohol and Drug Counselor License.

Staff Certification Requirements:

In addition to the requirements for LADCs, all Contractor milieu staff in residential settings and transitional living programs and staff providing recovery support aftercare group services shall be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification under RSA 330-C (<http://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XXX-330-C.htm>). Certification must be completed within six (6) months of the contract's approval date.

Staff providing recovery support services are expected to be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification. Peer recovery support services made available through Recovery Community Organizations (RCOs), under agreement with BDAS on behalf of DHHS, shall be provided by individuals certified by those organizations (CRSW not required for peer recovery support services).

Supervision:

Ongoing clinical supervision will include weekly discussion of cases with suggestions for resources or therapeutic approaches, co-therapy, and periodic assessment of progress. When enough candidates are under supervision, group supervision may be included to help optimize the learning experience.

The content of supervision must include knowledge, skills, values, and ethics with specific application to the practice issues faced by the supervisee, including the core functions as described in the Twelve Core Functions of Alcohol and Drug Counseling.

The content of supervision must also include the standards of practice and ethical conduct, with particular emphasis given to the counselor's role and appropriate responsibilities, professional boundaries, and power dynamics.

Staffing Changes:

BDAS as agent for DHHS shall be notified of changes in key personnel with updated resumes that clearly indicate the staff member is employed by the Contractor submitted within five (5) working days. Key personnel are those staff for whom at least 10% of their work time is spent providing alcohol or other drug abuse treatment services.

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Exhibit A Amendment #2

1. New Hires: The Contractor shall notify BDAS on behalf of DHHS in writing within one month of hire when a new administrator or coordinator or any staff person essential to carrying out this scope of services is hired to work in the program. A resume of the employee, which clearly indicates the staff member is employed by the Contractor, shall accompany this notification.

2. Vacancies: The Contractor shall notify BDAS on behalf of DHHS in writing within 14 calendar days, if at any time, any site funded under this agreement does not have adequate staffing to perform all required services for more than one month.

Other Requirements:

The Contractor shall attend trainings and/or meetings as requested by DHHS.

ATR and Recovery Support Services:

All DHHS funded treatment and recovery support service providers must also be approved Access to Recovery (ATR) providers, so long as the ATR initiative remains available, as this will be the source of funding for these recovery support services through the Voucher Management System (VMS). Information on becoming an ATR provider can be found on the DHHS website: <http://www.dhhs.nh.gov/dcbcs/bdas/atr/becomingprovider.htm>

Regional Network Participation:

The Contractor will designate administrative level staff to regularly participate in the Regional Network and contribute to overall regional network strategic planning, monitoring, evaluation, and cross systems communication efforts. The Contractor is highly encouraged to serve on one of the work groups and contribute to data collection, regional strategic planning and evaluation. Participation will be measured by the annual Partner Survey (<http://www.partnertool.net/>) administered by NH Center for Excellence under contract with BDAS as agent for DHHS.

Performance Measures:

All treatment programs under contract with BDAS on behalf of DHHS are required to report on the National Outcome Measures (NOMs) established by the SAMHSA, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the WITS (electronic case management) system. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions.

Data and Reporting Requirements:

1. Without limiting the generality of any other provisions of this agreement, the Contractor shall provide any periodic or special reports required by the DHHS.
2. The Contractor shall notify BDAS, as an authorized agent of DHHS, whenever the Contractor has reached ninety percent capacity to admit new clients. In addition the Contractor shall have a waiting list management policy in accordance with the SAPT Block Grant requirements. This 90% notification process will become automatic when this operation is fully functional in WITS.
3. The Contractor shall notify DHHS through BDAS, within one working day, if sufficient capacity is not available to provide treatment services to a pregnant woman, parenting woman or injection drug user within the required time frames and a referral elsewhere is not successful and interim services cannot be provided.

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Exhibit A Amendment #2

4. The Contractor shall comply with all research and/or information systems development activities for the electronic case management/Web Information Technology System (CM/WITS) conducted by, or authorized by, DHHS.
5. The Contractor shall administer any client surveys, client evaluations including the addiction Severity Index (ASI) or the Global Appraisal of Individual Needs (GAIN), client treatment outcome instruments, the M.A.T.R.S. Treatment Planning Tool, as required by DHHS.
6. The Contractor must have the ability to communicate and submit required reports via the Web-based submission system and/or e-mail, for treatment and recovery support services and interim services. All required clinical and documentation activities shall be entered in WITS unless specifically granted an exception by BDAS on behalf of DHHS.

Critical Incident/Sentinel Event Reporting:

The Department's Sentinel Event policy is contained in the following link:
<http://www.dhhs.nh.gov/dcbcs/sentinel.htm>

Division of Community Based Care Services (DCBCS) Sentinel Event Notification:

The preceding events require the immediate verbal notification to the BDAS Assistant Administrator or Clinical Services Unit Administrator upon the discovery of a sentinel event involving an individual(s) receiving services through a DHHS substance use disorder treatment Contractor.

Since the initial and immediate verbal notification of a sentinel event is likely to include protected health information (PHI) as identified below, the Contractor of services to individuals receiving services funded by the DHHS shall disclose PHI in a private and secure manner. Contractors and vendors should not leave voice-mail messages, but instead make direct telephone contact with the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee. If direct telephone contact is not possible, a voice mail message may be left without protected health information, such as medications and relevant medical and psychiatric diagnoses. As soon as possible after the initial verbal notification, the Contractor will mail or fax a completed *Sentinel Event Reporting Form* as directed in this protocol.

Notification shall include the following:

1. Name and phone number of the individual reporting.
2. Name, date of birth (DOB), medications and all relevant medical and psychiatric diagnoses of individual(s) involved;
3. Location, date, and time of event;
4. Description of the event including what, when, where, how, and other relevant information and identification of any other individuals involved;
5. Legal status of the individual involved with regard to guardianship and power of attorney;
6. Community, guardian, family and/or families' knowledge of the event; and
7. Contractor contact person and contact information.

It shall be the responsibility of the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee to notify the DCBCS Quality Improvement Director by e-mail as soon as the BDAS Clinical Administrator or designee becomes aware a Sentinel Event has occurred. The DCBCS Quality Improvement Director shall make immediate notification to the Commissioner. Internal e-mails within the Department may contain PHI and all Department employees will utilize safeguards to ensure the privacy

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of the PHI as stated in the DHHS General Manual Health Insurance Portability and Accountability Act (HIPAA) policy #504.

Each DCBCS contractor recognizes its responsibility to report evidence of neglect, abuse or exploitation to the appropriate regulatory agencies as required by RSA 161-F: 42-57 and RSA 169-C:29. In any case of known or suspected neglect, abuse or exploitation, the Contractor aware of the situation shall follow all applicable rules relative to individual rights protection procedures.

Written follow up information is to be forwarded by the reporting Contractor to the appropriate BDAS Administrator listed below within 72 hours by completing the *Sentinel Event Reporting Form*. To protect clients' confidential information, reporting Contractors should submit the *Sentinel Event Reporting Form* either by fax to the BDAS Assistant Administrator or the BDAS Clinical Services Unit Administrator by a mail service that provides delivery confirmation.

Bureau of Drug and Alcohol Services
Assistant Administrator
105 Pleasant Street
Concord, NH 03301
Or by fax to the BDAS Administrator's Office at 271-6105;

Follow-up information is the responsibility of the Contractor and should be submitted in a way as to protect clients' confidential information such as by mail with delivery confirmation and should include:

1. The *Sentinel Event Reporting Form*(www.dhhs.nh.gov/dcbcs/documents/sentinelform.pdf);
2. Additional details as they are learned or if the status of the situation changes; and,
3. Copies of newspaper articles.

Additionally, DHHS requires critical incident reporting. The Contractor shall report all critical incidents/sentinel events to the BDAS Clinical Services Unit Administrator immediately via telephone. Every effort shall be made to reach the BDAS administrator directly. If a voice message is necessary, sufficient provider contact information shall be provided so that DHHS is able to reach the reporter, or other responsible staff, immediately.

A critical incident includes, but is not limited to, any child or adult protective services report to the Division of Children, Youth and Families (DCYF), or the Bureau of Elderly and Adult Services (BEAS), respectively, regarding any incident involving 1) a staff/employee to youth or client, 2) youth to youth, or 3) client to client. This includes incidents that occur while a client is on leave, or on a pass, from the Contractor and may be off site at the time the incident occurred.

A sentinel event is an unexpected occurrence involving the death or serious physical or psychological injury, or risk thereof, signaling the need for immediate investigation and response.

Death or any serious injury or medical emergency regarding staff or clients that requires emergency medical attention (EMT or other emergency personnel at the Contractor's site, or a hospital emergency room visit), or any crime reportable to law enforcement, or any other serious incident must also be reported to DHHS as described below.



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Reportable sentinel events include, but are not limited to, any occurrence that meets any of the following criteria:

1. An unanticipated death or permanent loss of function, not related to the natural course of an individual's illness or underlying condition.
2. Homicide or suicide of any individual receiving DHHS funded care, treatment or services, that had been discharged from a Department funded program or facility within 30 days of the event, or has been evaluated by a service Contractor within the preceding 30 days;
3. Sexual assault or rape of any individual receiving DHHS funded care, treatment or services by another client or employee of any Department funded program or facility where there is an act that was witnessed or there is sufficient clinical evidence obtained by the Contractor to support allegation of nonconsensual sexual contact.
4. Unauthorized departure of an individual receiving DHHS funded services, from a facility providing care, resulting in death or permanent loss of function.
5. Medication error that results in death, paralysis, coma, or other permanent loss of function.
6. Delay or failure to provide DHHS funded Contractor services that result in death or permanent loss of function.
7. Abuse as a result of the willful infliction of injury, unreasonable confinement, intimidation, or punishment with resulting physical harm, or mental anguish. This includes staff neglect or indifference to infliction of injury or intimidation of one individual by another.
8. Neglect as a result of the failure to provide the goods and services necessary to avoid physical harm, mental anguish or mental illness.
9. Assault of or by a client of the Contractor that results in the injury of the person or another person of such severity that medical attention is required.
10. Arson resulting in property loss.
11. High profile events, which may include media coverage and/or police involvement.

On-Site Reviews:

1. The Contractor shall allow a team or person authorized by DHHS to periodically review the Contractor's systems of governance, administration, data collection and submission, clinical, and financial management in order to assure systems are adequate to provide the contracted services.
2. Reviews shall include, but not be limited to, client record reviews to measure compliance with this exhibit.
3. The Contractor shall make corrective actions as advised by the review team if contracted services are not found to be provided in accordance with this exhibit.
4. DHHS staff shall contact the Contractor in advance of the site visit, so that the Contractor shall have sufficient time to prepare any guidance/reporting systems or logs that will be reviewed at the site visit.

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Exhibit B Amendment #2

Method and Conditions Precedent to Payment

The State shall pay the Contractor an amount not to exceed the Price Limitation, block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services, and in accordance with Exhibit B and Exhibit B-6.

Effective July 1, 2014 through June 30, 2015, funds in the amount of \$262, 348 are reserved for Outpatient, Intensive Outpatient, and Recovery support services for Pregnant & Parenting Women and Low-Intensity Residential and Medium Intensity Residential – Adolescent/High-Intensity Residential – Adult Pregnant Women.

Funding for this Agreement is funded by various sources as a percentage of the total amount of \$1,329,836 as follows:

- 57 % Federal Funds from the Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant (CFDA #93.959);
- 18 % General Governor's Commission on Alcohol and Drug Abuse Prevention, Intervention and Treatment Funds; and
- 25 % General funds.

I. Payment Methodology

The Contractor shall be reimbursed for providing and delivering the services listed in Exhibit A, paragraph B. The following terms and conditions detailed in this Exhibit B shall apply to all services unless expressly stated otherwise.

The Contractor shall agree to use and apply all contract funds from the State for costs and expenses as detailed in the Service Reimbursement Table below. Allowable costs and expenses shall be determined by the State in accordance with applicable state and federal laws and regulations. Starting in State Fiscal Year 2015 (effective July 1, 2014) the contractor will receive a payment for each service at the rates and within the limits described below. For clients receiving DHHS supported services, the contractor may not charge the client, any 3rd party payor, and DHHS a combined rate that is more than the rate established by BDAS for that level of service or any other fees. These parties shall be charged in the following order:

1. The maximum allowed charge will be billed to the client's insurer, if applicable.
2. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
3. The balance of the maximum allowed charge, after deducting the client's portion and insurance payment, if applicable, shall be charged to DHHS.

Service Reimbursement Table - A check mark indicates the services and corresponding rates the Contractor will be reimbursed for.

Check mark indicates applicable service	Service	DHHS Established Rate	Service Limit
X	Evaluation	\$225	1 every 90 days
X	Outpatient – Individual	\$18.75/unit***	\$190 of combined individual &
X	Outpatient – Group	\$5.00/unit	



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			group/week
X	Intensive Outpatient*	\$80.00/day	\$320 (4 days)/week
X	Low-Intensity Residential – Adult	\$100.00/day	\$700 (7 days) /week
X	Low-Intensity Residential – Adolescent	\$128.00/day	\$896 (7 days) /week
X	High-Intensity Residential – Adult	\$130.00/day	\$910 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Room & Board Only	\$66.00/day	\$462 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Clinical Services	\$162.60/day	\$1138.20 (7 days) /week
X	Medium Intensity Residential – Adolescent	\$170.00/day	\$1190 (7 days) /week
	Recovery Support Services		
X	Individual	\$15.00/unit	\$160 of combined individual & group/week
X	Group	\$5.00/unit	
X	Continuous Recovery Monitoring – Attempted**	\$15.00/contact	\$60 of combined attempted and completed/month for the first 6 months post discharge
X	Continuous Recovery Monitoring – Completed	\$15.00/contact	
X	Enhanced Services	Varied	

* Providers may bill the per diem rate for Intensive Outpatient Treatment services only on those days when the client attends individual and/or group counseling associated with the program. It is expected that each day of attendance includes a minimum of 3 hours of group and/or individual counseling services.

**Attempted Contact is at least 3 attempts to contact a client over the course of at least one week.

*** A unit is equal to 15 minutes of service

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. Failure to meet this requirement may result in amendment to or termination of the contract. At a minimum, contractors must provide the array of services they contracted to provide for in SFY14.

1. Performance Incentives:

A. Access to Services:



Exhibit B Amendment #2

Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received and shall conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact. For each client who screens eligible for services and starts receiving services, whether for the identified level of care or interim services, within 10 business days following the eligibility screening, the treatment contractor will receive an incentive payment of \$75.00. Access incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

B. Completion:

For each client who is discharged from the program because they have completed treatment or transferred to another treatment provider as recorded in the Discharge Type field of the WITS Discharge Module, the treatment contractor will receive an incentive payment of \$75.00. Completion incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

C. Client Outcomes:

If a client who was discharged from the program meets at least 3 of the Outcome criteria below in the 3rd and/or 6th month post-discharge, as evidenced by the WITS Follow-Up module, the treatment contractor will receive an incentive payment in the amount of \$50. The 3rd month post discharge is considered to be 60 – 120 days post discharge. The 6th month post discharge is considered to be 150 – 210 days post discharge. Outcomes incentives will be calculated and paid on a monthly basis for clients meeting criteria in the previous calendar month. It is expected that at least 50% of discharged clients will be contacted for 3 and/or 6 month follow-up over the contract year.

- i. Abstinence: The client reports reduced or no substance use in the past 30 days.
- ii. Employment/Education: The client reports increased or retained employment or the client reports returning to or staying in school.
- iii. Crime and Criminal Justice: The client reports no arrests in the past 30 days.
- iv. Stability in Housing: The client reports being in stable housing.
- v. Social Connectedness: The client reports engagement in Recovery Support Services, Care Coordination, and/or Community Based Support Groups in the past 30 days.

D. Performance Incentive Payout Limits:

Performance incentives are limited to no more than 6% of the total contract amount annually. The total amount paid out during the contract year will never exceed the total contract amount. DHHS is not obligated to make payment for any incentives that occur outside of the current contract year; however, incentives may be carried over to future contract years at the discretion of DHHS.

2. Failure to Meet Deliverables:

The Contractor shall comply with all contract requirements as detailed in Exhibit A section B, Required Services. Upon determination that Contractor may not be meeting the required deliverables, within two (2) weeks BDAS will provide a written correction action plan. Within two (2) weeks of notification of the corrective action plan, Contractor will provide a written remedial plan. BDAS will monitor the corrective actions for 60 days. Failure to meet requirements of the corrective action plan within 60 days may result in withholding of any or all payments or termination of the contract.



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3. Invoicing & Billing:

All billing shall be completed via the WITS system according to protocols established by BDAS.

The Contractor shall have written authorization from the State prior to using contract funds to purchase or lease any equipment with a cost in excess of two thousand five hundred dollars (\$2500) and with a useful life beyond one year.

II. Allocation of Funding:

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. The contractor is prohibited from spending down more than the sum of the total contract amount that includes the cost of the client services and related incentives.

III. Availability of Alternative Funding:

The New Hampshire Department of Health and Human Services may terminate or amend the contract should alternate third party payors, including Medicaid, the New Hampshire Health Protection Program and/or insurance available on the New Hampshire Insurance Exchange cover any of the services included in this contract.

IV. Limitations and restrictions of federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds:

The Contractor agrees to use the SAPT funds as the payment of last resort.

Restrictions on SAPT Block Grant on State and Contractor expenditures include:

The State may not:

- Provide inpatient hospital services except under those conditions outlined in the regulations.
- Make cash payments to intended recipients of substance abuse services.
- Purchase or improve land.
- Purchase, construct, or permanently improve buildings or other facilities.
- Purchase major medical equipment.
- Satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds. (in-kind)
- Provide financial assistance to any entity other than a public or non-profit private entity.
- Provide individuals with hypodermic needles or syringes.
- Expend more than the amount of Block Grant funds expended in FFY91 for treatment services provided in penal or correctional institutions of the State.

The Contractor shall not:



Exhibit B Amendment #2

- Use any federal funds provided under this contract for the purpose of conducting testing for the etiologic agent for Human Immunodeficiency Virus (HIV) unless such testing is accompanied by appropriate pre and post-test counseling.
- Use any federal funds provided under this contract for the purpose of conducting any form of needle exchange, free needle programs or the distribution of bleach for the cleaning of needles for intravenous drug abusers.

V. Charitable Choice:

Federal Charitable Choice statutory provisions ensure that religious organizations are able to equally compete for Federal substance abuse funding administered by SAMHSA, without impairing the religious character of such organizations and without diminishing the religious freedom of SAMHSA beneficiaries (see 42 USC 300x-65 and 42 CFR Part 54 and Part 54a, 45 CFR Part 96, Charitable Choice Provisions and Regulations). Charitable Choice statutory provisions of the Public Health Service Act enacted by Congress in 2000 are applicable to the SAPT Block Grant program. No funds provided directly from SAMHSA or the relevant State or local government to organizations participating in applicable programs may be expended for inherently religious activities, such as worship, religious instruction, or proselytization. If an organization conducts such activities, it must offer them separately, in time or location, from the programs or services for which it receives funds directly from SAMHSA or the relevant State or local government under any applicable program, and participation must be voluntary for the program beneficiaries.

- VI.** Notwithstanding paragraph 18 of the General Provisions of this Agreement P-37, an amendment limited to adjusting amounts within the budgets and within the price limitation, can be made by written agreement of both parties and may be made without obtaining approval of Governor and Executive Council.

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Exhibit B-6 Amendment #2

BUDGET FORM

New Hampshire Department of Health and Human Services COMPLETE ONE BUDGET FORM FOR EACH BUDGET PERIOD

Contractor Name: Southeastern New Hampshire Alcohol & Drug Abuse Services

Substance Use Disorder Treatment Enhanced Services -
Budget Request for: Transportation
(Name of RFP)

Budget Period: July 1, 2014 - June 30, 2015

Line Item	Direct Incremental	Indirect Fixed	Total	Allocation Method for Indirect/Fixed Cost
1. Total Salary/Wages	\$ 14,876	\$ -	\$ 14,876	
2. Employee Benefits	\$ -	\$ -	\$ -	
3. Consultants	\$ -	\$ -	\$ -	
4. Equipment:	\$ -	\$ -	\$ -	
Rental	\$ -	\$ -	\$ -	
Repair and Maintenance	\$ 1,142	\$ -	\$ 1,142	
Purchase/Depreciation	\$ -	\$ -	\$ -	
5. Supplies:	\$ -	\$ -	\$ -	
Educational	\$ -	\$ -	\$ -	
Lab	\$ -	\$ -	\$ -	
Pharmacy	\$ -	\$ -	\$ -	
Medical	\$ -	\$ -	\$ -	
Office	\$ -	\$ -	\$ -	
6. Travel; fuel cost	\$ 2,407	\$ -	\$ 2,407	
7. Occupancy	\$ -	\$ -	\$ -	
8. Current Expenses	\$ -	\$ -	\$ -	
Telephone	\$ -	\$ -	\$ -	
Postage	\$ -	\$ -	\$ -	
Subscriptions	\$ -	\$ -	\$ -	
Audit and Legal	\$ -	\$ -	\$ -	
Insurance & Registration	\$ 2,311	\$ -	\$ 2,311	
Board Expenses	\$ -	\$ -	\$ -	
9. Software	\$ -	\$ -	\$ -	
10. Marketing/Communications	\$ -	\$ -	\$ -	
11. Staff Education and Training	\$ -	\$ -	\$ -	
12. Subcontracts/Agreements	\$ -	\$ -	\$ -	
13. Other (specific details mandatory):	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
TOTAL	\$ 20,737	\$ -	\$ 20,737	

Indirect As A Percent of Direct

0.0%

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 SOUTH EASTERN NEW HAMPSHIRE ALCOHOL AND DRUG ABUSE SERVICES is a New Hampshire nonprofit corporation formed August 21, 1979. 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 23rd day of April A.D. 2014

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

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

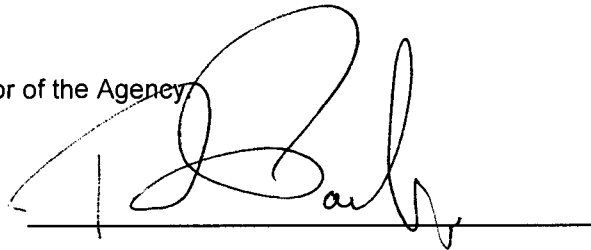
I, Thomas Parks do hereby certify that:

1. I am a duly elected Officer of Southeastern New Hampshire Alcohol and Drug Abuse Services.
2. The following is a true copy of the resolution duly adopted at a meeting of the Board of Directors of the Agency duly held on May 21, 2014;

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

3. The forgoing resolutions have not been amended or revoked, and remain in full force and effect as of the 21st day of May, 2014.

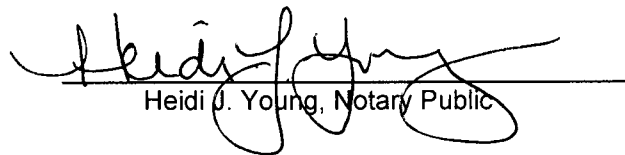
4. Heidi Moran is the duly elected Clinical Administrator of the Agency.

A handwritten signature in black ink, appearing to read 'T. Parks', is written over a horizontal line.

STATE OF NEW HAMPSHIRE

County of Strafford

The forgoing instrument was acknowledged before me this 21st day of May, 2014, by Thomas Parks.

A handwritten signature in black ink, appearing to read 'Heidi J. Young', is written over a horizontal line.

Heidi J. Young, Notary Public

HEIDI J. YOUNG, Notary Public
My Commission Expires March 12, 2019

Commission Expires: March 12, 2019

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

4/28/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER USI Insurance Services LLC PO Box 406 Portland, ME 04112-0406	CONTACT NAME: Kathy Sukley	
	PHONE (A/C, No, Ext): 207-239-3662	FAX (A/C, No): 877-775-0110
	E-MAIL ADDRESS: Kathleen.Sukley@usi.biz	
INSURED Southeastern New Hampshire Alcohol & Drug Abuse Services Corp. 113 Crosby Road, Suite 1 Dover, NH 03820	INSURER(S) AFFORDING COVERAGE	
	INSURER A: Ace American Insurance Company	NAIC #: 22667
	INSURER B: MEMIC Indemnity Co	11030
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PRO-JECT ☐ LOC			SVRD37799762	07/01/2013	07/01/2014	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$250,000 MED EXP (Any one person) \$10,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$3,000,000 PRODUCTS - COMP/OP AGG \$3,000,000 \$
A	AUTOMOBILE LIABILITY ☒ ANY AUTO ☐ ALL OWNED AUTOS ☒ HIRED AUTOS ☐ SCHEDULED AUTOS ☒ NON-OWNED AUTOS			H08615019002	07/01/2013	07/01/2014	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$1,000,000 \$
A	UMBRELLA LIAB EXCESS LIAB DED ☒ RETENTION \$10000			G25504860002	07/01/2013	07/01/2014	EACH OCCURRENCE \$1,000,000 AGGREGATE \$1,000,000 \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☒ Y/N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	3102800341	07/01/2013	07/01/2014	WC STATUTORY LIMITS E.L. EACH ACCIDENT \$500,000 E.L. DISEASE - EA EMPLOYEE \$500,000 E.L. DISEASE - POLICY LIMIT \$500,000

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

CERTIFICATE HOLDER

CANCELLATION

NH Dept. of Health & Human Services
129 Pleasant Street
Concord, NH 03301

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

AUTHORIZED REPRESENTATIVE

E. Gould

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Financial Statements

**SOUTHEASTERN NEW HAMPSHIRE
ALCOHOL & DRUG ABUSE SERVICES
AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012
AND
INDEPENDENT AUDITORS' REPORT**

SOUTHEASTERN NEW HAMPSHIRE ALCOHOL & DRUG ABUSE SERVICES
AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

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**Leone,
McDonnell
& Roberts**

PROFESSIONAL ASSOCIATION

CERTIFIED PUBLIC ACCOUNTANTS

WOLFEBORO • NORTH CONWAY
DOVER • CONCORD
STRATHAM

To the Board of Directors
Southeastern New Hampshire Alcohol & Drug Abuse Services
Dover, NH

INDEPENDENT AUDITORS' REPORT

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Southeastern New Hampshire Alcohol & Drug Abuse Services and Affiliate (New Hampshire nonprofit organizations), which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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. The consolidated financial statements for the year ended June 30, 2012 were not audited in accordance with *Government Auditing Standards*.

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 auditor's 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 consolidated financial position of Southeastern New Hampshire Alcohol & Drug Abuse Services and Affiliate as of June 30, 2013 and 2012, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and

Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2013, on our consideration of Southeastern New Hampshire Alcohol & Drug Abuse Services' and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southeastern New Hampshire Alcohol & Drug Abuse Services' and Affiliate's internal control over financial reporting and compliance.

Leone, McDonnell & Roberts
Professional Association

September 13, 2013
Dover, New Hampshire

SOUTHEASTERN NEW HAMPSHIRE ALCOHOL & DRUG ABUSE SERVICES
AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
Cash, Organization	\$ 898,040	\$ 827,734
Cash, Affiliate	103,634	93,757
Accounts receivable	107,815	123,599
Prepaid expenses	24,196	15,273
Property and equipment, net	<u>148,837</u>	<u>176,414</u>
Total	<u>\$ 1,282,522</u>	<u>\$ 1,236,777</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 13,653	\$ 19,529
Accrued payroll and related taxes	72,722	90,891
Accrued expenses	17,168	25,371
Refundable advances	13,641	14,391
Notes payable	<u>28,763</u>	<u>67,701</u>
Total liabilities	<u>145,947</u>	<u>217,883</u>
Net assets		
Unrestricted:		
Board designated	37,721	37,721
Undesignated	<u>1,098,854</u>	<u>981,173</u>
Total unrestricted net assets	<u>1,136,575</u>	<u>1,018,894</u>
Total	<u>\$ 1,282,522</u>	<u>\$ 1,236,777</u>

See Notes to Consolidated Financial Statements

**SOUTHEASTERN NEW HAMPSHIRE ALCOHOL & DRUG ABUSE SERVICES
AND AFFILIATE**

**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
CHANGES IN UNRESTRICTED NET ASSETS		
PUBLIC SUPPORT AND REVENUE		
State of New Hampshire:		
Division of Alcohol & Drug Abuse Prevention and Recovery	\$ 565,284	\$ 677,812
Division of Alcohol & Drug Abuse Prevention and Recovery-Drug court	489,676	389,676
Division of Alcohol & Drug Abuse Prevention and Recovery-Avis Goodwin	262,348	262,348
Access to recovery	160,175	69,705
Client fees	346,361	598,267
Strafford County support	52,800	53,256
Other program revenues	46,403	63,984
Grant income	25,000	23,958
Federal and state probate	27,393	51,700
Donations	14,977	14,931
Other revenue	3,685	9,751
Total public support and revenue	1,994,102	2,215,388
EXPENSES		
Program services:		
Outpatient services	148,959	157,073
Crisis intervention program	-	310,634
Comprehensive services	303,403	243,062
Jail program	4,875	5,160
Impaired driver intervention program	111,746	92,025
Community education program	34,684	39,471
Drug court program	655,354	511,289
Detoxification program	6,590	6,843
Multiple offender program	244,094	458,581
Avis Goodwin program	194,978	114,278
Total program services	1,704,683	1,938,416
Supporting services:		
General management	171,738	180,810
Fundraising	-	2
Total supporting services	171,738	180,812
Total expenses	1,876,421	2,119,228
LOSS ON SALE OF FIXED ASSET	-	(1,388)
INCREASE IN UNRESTRICTED NET ASSETS	117,681	94,772
NET ASSETS, BEGINNING OF YEAR	1,018,894	924,122
NET ASSETS, END OF YEAR	\$ 1,136,575	\$ 1,018,894

See Notes to Consolidated Financial Statements

SOUTHEASTERN NEW HAMPSHIRE ALCOHOL & DRUG ABUSE SERVICES
AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 117,681	\$ 94,772
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	32,282	33,824
Loss on sale of fixed asset	-	1,388
(Increase) decrease in assets:		
Accounts receivable	15,784	231,785
Prepaid expenses	(8,923)	2,708
Increase (decrease) in liabilities:		
Accounts payable	(5,876)	(42,974)
Accrued payroll and related taxes	(18,169)	(5,481)
Accrued expenses	(8,203)	98
Refundable advances	(750)	(20,708)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>123,826</u>	<u>295,412</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(4,705)	(15,207)
Cash received from sale of fixed asset	-	12,000
NET CASH USED IN INVESTING ACTIVITIES	<u>(4,705)</u>	<u>(3,207)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of notes payable	(38,938)	(52,547)
NET CASH USED IN FINANCING ACTIVITIES	<u>(38,938)</u>	<u>(52,547)</u>
NET INCREASE IN CASH	80,183	239,658
CASH, BEGINNING OF YEAR	<u>921,491</u>	<u>681,833</u>
CASH, END OF YEAR	<u>\$ 1,001,674</u>	<u>\$ 921,491</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	<u>\$ 3,450</u>	<u>\$ 5,144</u>

See Notes to Consolidated Financial Statements

**SOUTHEASTERN NEW HAMPSHIRE ALCOHOL & DRUG
AND AFFILIATE**

**CONSOLIDATED STATEMENT OF FUNCTIONAL
FOR THE YEAR ENDED JUNE 30, 201**

SUPPORTING SERVICES

	<u>OUTPATIENT SERVICES</u>	<u>COMPREHENSIVE SERVICES</u>	<u>FUNDRAISING</u>	<u>TOTAL SUPPORTING SERVICES</u>	<u>TOTAL</u>
Salaries and wages	\$ 89,519	\$ 171,562	\$ -	\$ 69,019	\$ 1,094,813
Employee benefits	23,957	54,764	-	4,155	228,062
Payroll taxes	4,725	14,156	-	2,649	85,355
Professional fees	-	-	721	89,348	89,348
Subcontractors	-	-	-	-	18,625
Rent	1,883	18,405	-	2,998	99,929
Occupancy	9,203	13,587	8	1,820	71,909
Food	1,668	8,745	64	64	36,933
Interest	101	91	-	50	3,450
Telephone	1,048	1,967	63	391	10,890
Insurance	1,242	1,242	393	982	19,650
Depreciation	5,617	5,617	-	969	32,282
Travel	144	1,420	-	-	6,206
Equipment rental and maintenance	1,123	1,292	-	247	15,230
Client recreation and treatment	1,596	1,885	-	-	15,808
Office supplies and expense	2,192	2,090	-	295	13,890
State administration fee	40	-	-	-	3,940
Medical expense	160	3,510	-	-	8,144
Dues and subscriptions	260	320	-	-	660
Printing and reproduction	929	115	-	-	2,283
Postage	166	181	499	499	3,327
Bank charges	50	-	-	-	5,181
Advertising	187	126	-	-	801
Other	<u>3,149</u>	<u>2,328</u>	<u>(1,748)</u>	<u>(1,748)</u>	<u>9,705</u>
Total functional expenses before allocation of management and general expenses	148,959	303,403	-	171,738	1,876,421
Allocation of management and general expenses	<u>34,333</u>	<u>24,506</u>	<u>-</u>	<u>(171,738)</u>	<u>-</u>
Total	<u>\$ 183,292</u>	<u>\$ 327,909</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,876,421</u>

See Notes to Consolidated Financial State

**SOUTHEASTERN NEW HAMPSHIRE ALCOHOL
AND AFFILIATE**

**CONSOLIDATED STATEMENT OF FUNDS
FOR THE YEAR ENDED JUN 30, 2012**

SUPPORTING SERVICES

	<u>OUTPATIENT SERVICES</u>	<u>CRISIS INTERVENTION PROGRAM</u>	<u>GENERAL MANAGEMENT</u>	<u>FUNDRAISING</u>	<u>TOTAL SUPPORTING SERVICES</u>	<u>TOTAL</u>
Salaries and wages	\$ 78,722	\$ 181,455	\$ 69,018	\$ -	\$ 69,018	\$ 1,178,873
Employee benefits	33,910	56,849	7,016	-	7,016	259,842
Payroll taxes	7,655	15,311	4,472	-	4,472	97,173
Professional fees	-	-	92,230	722	92,952	92,952
Subcontractors	27	4,368	-	-	-	24,104
Rent	6,044	4,527	2,145	-	2,145	171,741
Occupancy	9,887	13,986	5,153	6	5,159	78,138
Food	1,142	12,431	-	75	75	36,798
Interest	327	663	61	-	61	5,144
Telephone	1,127	1,716	306	57	363	10,233
Insurance	1,274	1,926	600	325	925	20,011
Depreciation	3,989	3,990	972	-	972	33,823
Travel	375	92	-	-	-	9,874
Equipment rental and maintenance	1,389	3,993	236	180	416	15,382
Client recreation and treatment	1,694	960	-	75	75	23,408
Office supplies and expense	3,400	2,039	308	-	308	15,639
State administration fee	166	-	-	-	-	6,441
Medical expense	39	3,309	-	-	-	9,461
Dues and subscriptions	311	122	-	-	-	661
Printing and reproduction	438	154	-	60	60	5,184
Postage	202	380	-	570	570	3,812
Bank charges	45	2	150	-	150	4,592
Advertising	8	8	-	-	-	232
Other	4,902	2,353	(1,857)	(2,068)	(3,925)	15,710
Total functional expenses before allocation of management and general expenses	157,073	310,634	180,810	2	180,812	2,119,228
Allocation of management and general expenses	34,263	36,757	(182,442)	-	(182,442)	-
Total	\$ 191,336	\$ 347,391	\$ (1,632)	\$ 2	\$ (1,630)	\$ 2,119,228

See Notes to Consolidated Financial Statements

**SOUTHEASTERN NEW HAMPSHIRE ALCOHOL & DRUG ABUSE SERVICES
AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Southeastern New Hampshire Alcohol & Drug Abuse Services (the Organization) is a New Hampshire nonprofit organization providing treatment, rehabilitation and intervention services to alcoholics, narcotic addicts, and alcohol and drug abusers, substantially all of whom are residents of New Hampshire. A majority of revenue is derived from contracts with the State of New Hampshire.

Southeastern New Hampshire Alcohol & Drug Abuse Services Foundation (the Affiliate) is also a New Hampshire nonprofit organization that was established to raise funds for the Organization. All revenue is derived from direct public support.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles general accepted in the United States of America, as promulgated by the Financial Accounting Standards (FASB) Accounting Standards Codification (ASC).

Principles of Consolidation

The accompanying consolidated financial statements have been prepared for the Organization and the Affiliate due to the Organization being the sole member of the Affiliate. All material intercompany transactions have been eliminated.

Basis of Presentation

Financial statement presentation follows the recommendations of the FASB ASC No. 958-210 *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC No. 958-210, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The classes of net assets are determined by the presence or absence of donor restrictions. As of June 30, 2013 and 2012, the Organization had no permanently or temporarily restricted net assets.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents include all highly liquid investments with an original maturity date of three months or less. There were no cash equivalents at June 30, 2013 and 2012.

Accounts Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. At June 30, 2013 and 2012, no allowance was deemed necessary.

Property and Equipment

Purchases of property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Costs for repairs and maintenance are charged against operations. Renewals and betterments, which materially extend the life of the assets, are capitalized. Depreciation is provided for using the straight line method in amounts designed to amortize the cost of the assets over their estimated useful lives as follows:

Leasehold improvements	15 - 39 years
Vehicles, equipment and furniture	3 - 7 years

Property and equipment at June 30, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Leasehold improvements	\$ 407,730	\$ 403,555
Vehicles	45,703	45,703
Equipment and furniture	<u>223,210</u>	<u>222,680</u>
	676,643	671,938
Less accumulated depreciation	<u>527,806</u>	<u>495,524</u>
	<u>\$ 148,837</u>	<u>\$ 176,414</u>

Accrued Vacation

The Organization has accrued liabilities for future compensated leave time that its employees have earned and which is vested with the employees. The amounts totaled \$38,792 and \$50,370, at June 30, 2013 and 2012, respectively.

Refundable Advances

Revenues received in advance are recorded as refundable advances and recognized as revenue in the period in which the related services are provided or expenditures are incurred.

Contributed Support

Contributed support is reported as unrestricted or as restricted depending on the existence of donor or time stipulations that limit the use of the support. The Organization records donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Income Taxes

The Organization and the Affiliate are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service (IRS) has determined them to be other than private foundations.

Management has reviewed the tax positions for the Organization under ASC No. 740, *"Accounting for Income Taxes"* and determined that the application of FASB ASC No. 740 did not have a material impact on the consolidated financial statements. FASB ASC No. 740 establishes financial accounting and disclosure requirements for recognition and measurement of uncertain tax positions taken or expected to be taken on a U.S. income tax return. There were no uncertain tax positions as of June 30, 2013 and 2012, and all tax years from 2010 forward are open and subject to IRS examination.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

Advertising costs are expensed as incurred.

Concentrations of Risk

The Organization maintains its cash balances at one financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for interest-bearing accounts and unlimited for noninterest-bearing accounts beginning December 31, 2010 through December 31, 2012. After December 31, 2012 balances are insured up to \$250,000 for interest and noninterest-bearing accounts. As of June 30, 2013, the uninsured balance was \$672,381. There was no uninsured balance as of June 30, 2012.

A majority of the Organization's services are derived from services performed for New Hampshire citizens. The main source of revenue for the Organization is derived from contracts with the State of New Hampshire. These contracts represent 74% and 63%, respectively, of the Organization's public support and revenue for the fiscal years ended June 30, 2013 and 2012. The accounts receivable related to these contracts totaled \$103,435 and \$89,412 at June 30, 2013 and 2012, respectively. The Organization does not require collateral or other security to support these financial instruments.

Fair Value of Financial Instruments

Unless otherwise indicated, fair values of all reported assets and liabilities that are financial instruments approximate the carrying values of such amounts.

NOTE 2. NOTES PAYABLE

	<u>2013</u>	<u>2012</u>
Variable note payable to a bank in 59 monthly installments of principal and interest of \$2,463 through March 2014. Interest is adjusted every 3 years and is stated at 3% above the Federal Home Loan Bank rate, which was 6.02% from inception through June 30, 2011 and 4.77% at June 30, 2013 and 2012. The note is secured by all of the Organization's assets.	\$ 22,382	\$ 49,218
6.49% notes payable to a finance company in 48 monthly installments initially of principal and interest of \$1,623 through December 2013. During the year ended June 30, 2012, one vehicle was sold and the loan was paid off. Remaining monthly installments of principal and interest of \$1,084 are due through December 2013. The notes are collateralized by certain vehicles of the Organization.	<u>6,381</u>	<u>18,483</u>
Total	<u>\$ 28,763</u>	<u>\$ 67,701</u>

The scheduled maturities of the notes payable as of June 30, 2013 includes \$28,763 for the year ending June 30, 2014.

NOTE 3. BOARD DESIGNATED UNRESTRICTED NET ASSETS

The Board of Directors designated \$37,721 of unrestricted net assets for the fiscal years ending June 30, 2013 and 2012. The designation was established to provide for pension contributions for the fiscal years ending June 30, 2014 and 2013, respectively.

NOTE 4. LEASE COMMITMENTS

The Organization leases office and residential facilities under the terms of a noncancelable operating lease agreement which expires on December 31, 2013, with no renewal options available at this time. Future minimum rental payments as of June 30, 2013 are \$25,808 for the year ending June 30, 2014.

During the fiscal years ended June 30, 2013 and 2012, clients serviced through the Multiple Offender Program created a need for additional facilities. The Organization had a verbal noncommittal agreement with the lessor stipulating a weekly payment of \$350 for each individual served. Payments for the fiscal years ended June 30, 2013 and 2012, totaled \$43,750 and \$116,200, respectively. This program ceased during the fiscal year ended June 30, 2013.

Total rent expense was \$99,929 and \$171,741 for the years ended June 30, 2013 and 2012, respectively.

NOTE 5. CONTINGENCIES

The Organization receives funds from various funding sources. Under the terms of the agreements, the Organization is required to use the funds for purposes specified by the governing laws and regulations. If expenditures were found not to have been made in compliance with the laws and regulations, the Organization might be required to repay the funds. No provisions have been made for this contingency because specific amounts, if any, have not been determined or assessed by government audits as of June 30, 2013 and 2012.

NOTE 6. RETIREMENT PLAN

The Organization maintains a tax sheltered annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Organization. The Organization makes matching contributions up to 3% of gross salaries for qualified employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. Plan expenses were approximately \$27,700 and \$30,100 for the years ended June 30, 2013 and 2012, respectively.

NOTE 7. NONCASH TRANSACTIONS/IN-KIND DONATION

The Organization receives a discount for the rental of certain real estate. For the years ended June 30, 2013 and 2012, the total value of this contribution was \$5,100 for each year.

NOTE 8. LINE OF CREDIT

The Organization has a revolving line of credit agreement with a bank in the amount of \$50,000 for the years ended June 30, 2013 and 2012. The line requires monthly interest payments on the unpaid principal balance at the rate of 1.50% over the bank's stated index. The rate charged was 4.75% during the fiscal years ended June 30, 2013 and 2012. The line of credit is secured by a security interest in all business assets. The Organization is required to annually observe thirty consecutive days without an outstanding balance. At June 30, 2013 and 2012, there was no outstanding balance on the line.

NOTE 9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 13, 2013, the date when the consolidated financial statements were available to be issued.

Effective August 1, 2013, the Board of Directors accepted the resignation of the Organization's Executive Director. As a result of this resignation, it has been determined that certain management aspects of the Organization will be provided by Lighthouse Management, Inc. (LHI), in addition to the accounting services they have provided over the last several years. A contract was signed into effect on August 1, 2013, obligating the Organization to pay \$8,750 per month (\$105,000 in total) through June 30, 2014. This contract includes the accounting services it had been providing and totaled \$72,000 for each of the years ended June 30, 2013 and 2012.

SOUTHEASTERN NEW HAMPSHIRE ALCOHOL & DRUG ABUSE SERVICES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Passthrough Number</u>	<u>Federal Expenditures</u>
US DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through State of New Hampshire Dept. of Health and Human Services, Division of Community Based Care Services, Bureau of Drug and Alcohol Services			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	95846501	\$ <u>753,339</u>
Totals			\$ <u>753,339</u>

See Notes to Schedule of Expenditures of Federal Awards

SOUTHEASTERN NEW HAMPSHIRE ALCOHOL & DRUG ABUSE SERVICES

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal Awards (the Schedule) includes the federal grant activity of Southeastern New Hampshire Alcohol & Drug Abuse Services under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Southeastern New Hampshire Alcohol & Drug Abuse Services, it is not intended to and does not present the financial position, change in net assets, or cash flows of Southeastern New Hampshire Alcohol & Drug Abuse Services.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

SOUTHEASTERN NEW HAMPSHIRE ALCOHOL & DRUG ABUSE SERVICES

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Southeastern New Hampshire Alcohol & Drug Abuse Services
Dover, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Southeastern New Hampshire Alcohol & Drug Abuse Services and Affiliate (New Hampshire nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Southeastern New Hampshire Alcohol & Drug Abuse Services and Affiliate's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeastern New Hampshire Alcohol & Drug Abuse Services and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's and Affiliate's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southeastern New Hampshire Alcohol & Drug Abuse Services' and Affiliate's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organizations' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Leone, McDonnell & Roberts
Professional Association

September 13, 2013
Dover, New Hampshire

SOUTHEASTERN NEW HAMPSHIRE ALCOHOL & DRUG ABUSE SERVICES

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors
Southeastern New Hampshire Alcohol & Drug Abuse Services
Dover, New Hampshire

Report on Compliance for Each Major Federal Program

We have audited Southeastern New Hampshire Alcohol & Drug Abuse Services' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Southeastern New Hampshire Alcohol & Drug Abuse Services' major federal programs for the year ended June 30, 2013. Southeastern New Hampshire Alcohol & Drug Abuse Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Southeastern New Hampshire Alcohol & Drug Abuse Services' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southeastern New Hampshire Alcohol & Drug Abuse Services' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Southeastern New Hampshire Alcohol & Drug Abuse Services' compliance.

Opinion on Each Major Federal Program

In our opinion, Southeastern New Hampshire Alcohol & Drug Abuse Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Southeastern New Hampshire Alcohol & Drug Abuse Services is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Southeastern New Hampshire Alcohol & Drug Abuse Services' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southeastern New Hampshire Alcohol & Drug Abuse Services' internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Leone, McDonnell & Roberts
Professional Association

September 13, 2013
Dover, New Hampshire

SOUTHEASTERN NEW HAMPSHIRE ALCOHOL & DRUG ABUSE SERVICES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the consolidated financial statements of Southeastern New Hampshire Alcohol & Drug Abuse Services
2. No material weaknesses or significant deficiencies relating to the audit of the consolidated financial statements are reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements of Southeastern New Hampshire Alcohol & Drug Abuse Services which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs during the audit are reported in the *Independent Auditors' Report on Compliance for Each Major Program and On Internal Control Over Compliance Required by OMB Circular A-133*.
5. The auditors' report on compliance for the major federal award programs for Southeastern New Hampshire Alcohol & Drug Abuse Services expresses an unmodified opinion on all major programs.
6. There were no audit findings which the auditor would be required to report under section 510(a) of OMB Circular A-133.
7. The program tested as major programs include: Department of Health and Human Services; Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Southeastern New Hampshire Alcohol & Drug Abuse Services was determined to not be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate
Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

G&C Approved

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

Date

6/5/13

Item #

102A

52.6% Federal
47.4% General

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug and Alcohol Services, to exercise renewal options with vendors by increasing the price limitations by \$7,596,887 in aggregate from \$7,596,890 in aggregate to \$15,193,777 in aggregate for a continuum of substance abuse treatment services state-wide and extending the completion date from June 30, 2013 to June 30, 2014, effective July 1, 2013 or date of Governor and Council approval, whichever is later.

Summary of contracted amounts by vendor:

<u>Vendor</u>	<u>Amount</u>
Child and Family Services of New Hampshire	\$86,803
Concord Hospital, Inc.	\$74,406
Families First of the Greater Seacoast	\$28,922
Families in Transition	\$332,530
Greater Nashua Council on Alcoholism	\$1,356,945
Headrest, Inc.	\$251,450
Horizons Counseling Center, Inc.	\$189,576
Manchester Alcoholism Rehabilitation Center	\$1,120,599
The Mental Health Center of Greater Manchester, Inc.	\$27,114
Monadnock Family Services	\$97,819
Northern Human Services	\$199,025
Phoenix Houses of New England, Inc.	\$1,457,490
National Council on Alcoholism and Drug Dependence of Greater Manchester	\$432,468
Southeastern New Hampshire Alcohol and Drug Abuse Services	\$1,329,836
Tri-County Community Action Programs, Inc.	\$611,904
TOTAL	\$7,596,887

Funds to support this request are anticipated to be available in the following accounts in SFY 2014 upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts within the price limitation and amend the related terms of the contracts without further approval from Governor and Executive Council.

05-95-49-491510-2989 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, GOVERNOR COMMISSION FUNDS (100% General Funds)

05-95-49-491510-2990 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, CLINICAL SERVICES (34.4% General 65.6% Federal)

Please see attachment for financial details

EXPLANATION

The requested action seeks approval of 15 of 17 agreements that represent \$7,596,887 of the \$7,741,314 total anticipated to be spent state-wide to provide a continuum of substance abuse treatment services via the accounting codes listed. These services include community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children. This request seeks to exercise the renewal option that exists within each of the vendor contracts. The Department anticipates that the remaining two agreements will be presented to Governor and Executive Council on June 19, 2013.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, these contracts will continue to allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

The vendors were originally selected for this agreement through a competitive bid process. This request covers services for the period July 1, 2013 to June 30, 2014, and anticipates exercising the option to renew for one additional year as provided all of the previous vendor contracts, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with the listed vendors in State Fiscal Year 2013 in the amount of \$7,741,314 in the aggregate. This agreement represents level funding of all vendors.

The following performance measures will be used to measure the effectiveness of the agreements:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for I intensive outpatient treatment services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 4 of 4

Contractors, with the exception of those agencies that only offer outpatient services, are required to develop the capacity for group recovery support aftercare services for a minimum of 25% of the number treatment clients (including outpatient and transitional living program clients) they are under contract to serve. Group recovery support aftercare services are services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Recovery Support Services include, but are not limited to, guidance in financial management, parenting, vocational training, life management and spiritual counseling as well as transportation and child-care. These group recovery support services are for clients discharged from substance use disorder treatment services provided under contract with the Bureau of Drug and Alcohol Services on behalf of the Department, which may include clients that had received SUD treatment from the Contractor or a different agency. Contractors are only allowed to access these services for their clients or clients that had received substance use disorder treatment from a different agency through the statewide care coordination program under agreement with the Bureau of Drug and Alcohol Services on behalf of the Department.

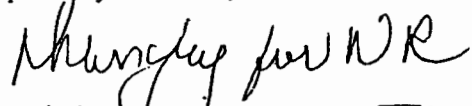
All treatment programs under contract with the Bureau of Drug and Alcohol Services on behalf of the Department are required to report on the National Outcome Measures (see attached) established by the Substance Abuse and Mental Health Services Administration, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the Electronic Health Record/Web Infrastructure Treatment System. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions. The Contractor is expected to meet or exceed these percentages as measured by the Electronic Health Record/Web Infrastructure Treatment System.

Area served: State-wide

Source of Funds: 52.6% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant and 47.4% General .

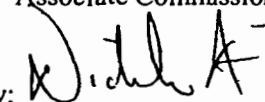
In the event that the Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:


Nicholas A. Toumpas
Commissioner



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

May 25, 2012

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

Approved by: GTC
Date: 6/20/12
Item No.: 105
Contract No.: 1024224

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug & Alcohol Services, to enter into an agreement with Southeastern New Hampshire Alcohol and Drug Abuse Services (Vendor #155292 B001), 272 County Farm Road, Dover, NH 03820, to provide for a continuum of substance abuse treatment services, in an amount not to exceed \$1,329,836.00 to be effective July 1, 2012 or date of Governor and Council approval, whichever is later, through June 30, 2013. Funds are available in the following accounts for State Fiscal Year 2013:

05-95-95-958410-5365 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, ALCOHOL AND OTHER TREATMENT

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95846501	\$753,339.00
			Subtotal	\$753,339.00

05-95-95-958410-1388 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT AND PREVENTION, GOVERNOR

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95848501	\$239,491.00
			Subtotal	\$239,491.00

05-95-95-958410-1387 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, TREATMENT-PREVENTION-STATE

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95841387	\$337,006.00
			Subtotal	\$337,006.00
			Total	\$1,329,836.00

EXPLANATION

The purpose of this agreement is to provide a continuum of substance abuse treatment services such as community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children, in the Dover area.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, this contract will allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

Southeastern New Hampshire Alcohol and Drug Abuse Services was selected for this agreement through a competitive bid process. A Request for Proposals was posted on the Department's web site on March 6, 2012 through April 2, 2012. In addition, a bidder's conference was held on March 12, 2012.

A total of 19 proposals were received. A review committee of three professionals reviewed each proposal. All reviewers have between three to twenty years experience managing agreements with vendors for various public health programs. Areas of specific expertise include: maternal and child health; substance abuse prevention and treatment; chronic and communicable diseases; and public health infrastructure. Eighteen of the proposals were selected for funding based on review criteria that included availability of funds, consistency with stated funding priorities, technical score, and equitable geographic distribution. The agency that was not selected did not meet the minimum scoring criteria established for funding. The Bid Summary is attached.

This request covers services for the period July 1, 2012 to June 30, 2013, with an option to renew for one additional year, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with this agency in State Fiscal Year 2012 in the amount of \$1,329,836.00. This agreement represents level funding.

The following performance measures will be used to measure the effectiveness of the agreement:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services (OP)
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services (IOP) – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for IOP services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

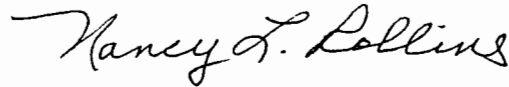
Area served: Dover area.

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
May 25, 2012
Page 4 of 4

Source of Funds: 56.65% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant, 40.82% General Funds and 2.53% Other (Highway) Funds.

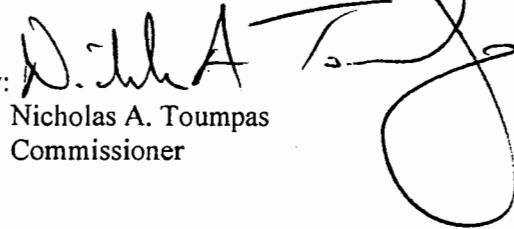
In the event that the Federal or Other Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner

NLR/ljp



**State of New Hampshire
Department of Health and Human Services
Amendment #2 to the Substance Use Disorder Treatment and Recovery Support Services
Contract**

This 2nd Amendment to the Substance Use Disorder Treatment and Recovery Support Services contract (hereinafter referred to as "Amendment 2") dated this 15th day of May 2014, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Tri-County Community Action Program, Inc. (hereinafter referred to as "the Contractor"), a non-profit corporation with a place of business at 30 Exchange Street, Berlin, NH 03570.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on June 20, 2012, (item # 102) and amended by an agreement (Amendment #1 to the Contract) approved on June 5, 2013, (Item # 102A), 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, the State may amend the Contract by written agreement of the parties; and;

WHEREAS, the parties agree to extend the current contract by one year.

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:

- 1) Amend Form P-37, Block 1.6 to read:
 - a) 05-95-49-491510-29890000-102-500734
 - b) 05-95-49-491510-29900000-102-500734
- 2) Amend Form P-37, Block 1.7 to read June 30, 2015.
- 3) Amend Form P-37, Block 1.8 to read \$1,835,715
- 4) Delete Exhibit A and replace with Exhibit A Amendment #2
- 5) Delete Exhibit B and replace with Exhibit B Amendment #2

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

5/30/14
Date

NAME
TITLE

Tri-County Community Action Program, Inc.

5-29-14
Date

NAME Michael Coughlin
TITLE Chief Executive Officer

Acknowledgement:

State of NH, County of Coos on 5-29-14, 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

Name and Title of Notary or Justice of the Peace
Suzanne C. French, Notary

SUZANNE C. FRENCH
Notary Public - New Hampshire
My Commission Expires June 19, 2018

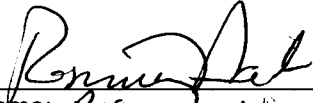
New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

OFFICE OF THE ATTORNEY GENERAL

6-2-14
Date


Name: Rosemary Wiant
Title: Assistant Attorney General

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:



Exhibit A Amendment #2

Scope of Services

A. Population Served

Services are available to New Hampshire residents who meet diagnostic, financial, and other eligibility criteria for Department of Health and Human Services supported substance use disorder services as defined in Section C, Clients Eligible for Treatment Services.

B. The Contractor shall provide treatment services as identified below:

Service Table - An "X" denotes that the Contractor shall provide that service(s) to eligible individuals in accordance with all applicable laws, rules, and regulations and terms and conditions of this Agreement.

Required Services	Treatment Services
	Outpatient Treatment (ASAM Level 1) - Substance abuse treatment services provided in individual and group counseling sessions in a non-residential setting. Clients may be enrolled in outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
	Outpatient Treatment (ASAM Level 1) – Pregnant & Parenting Women – Outpatient Treatment as identified above provided to pregnant & parenting women.
	Intensive Outpatient Treatment (ASAM Level 2.1) – A combination of individual and group substance abuse treatment services conducted in an outpatient setting for a minimum of 3 hours of direct client treatment services per day for a minimum of three days per week. Clients receiving less than this level of service should be enrolled in an outpatient program. Clients may be enrolled in intensive outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
	Intensive Outpatient Treatment (ASAM Level 2.1) – Pregnant & Parenting Women - Intensive Outpatient Treatment as identified above provided to pregnant & parenting women.
X	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Residential substance abuse treatment services are designed to support individuals in the early stages of recovery that need this residential level of care and/or are homeless. The goal of these programs is to prepare clients to become self-sufficient in the community. Clients may be enrolled in low-intensity residential treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days. Residents typically work in the community and may pay a portion of their room and board.
X	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Pregnant Women - Low-Intensity Residential Treatment as identified above provided to



Exhibit A Amendment #2

	pregnant & parenting women.
X	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Short-term residential substance abuse treatment designed to assist individuals who require a more intensive level of service in a structured setting and/or individuals that may be homeless. Admission is on a voluntary basis. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Pregnant Women - High-Intensity Residential – Adult and Medium Intensity Residential – Adolescent as identified above provided to pregnant women.
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5) - Residential treatment services for pregnant and parenting women and their children. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Recovery Support Services: Group or individual services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Examples of recovery support services include, but are not limited to: assisting clients with enrollment in Medicaid, the New Hampshire Health Protection Program (NHHPP), or private insurance, anger management, financial management, communication skills, spiritual support, parenting skills, health management, case management, organization and time management, recovery coaching, recovery mentoring, stress management, and vocational services. Programs may focus on a single recovery support service or provide a curriculum that includes an array of recovery support services. Types of Recovery Support Services are listed below:
X	Continuous recovery monitoring services are regular follow-ups with clients to assess the status of the client's recovery, identify any needs the client may have and help the client to address those needs, and provide early intervention for client's who have relapsed or who's recovery is otherwise at risk.
	Enhanced Services are specialized services that remove barriers to a client's participation in treatment. Examples of these services are child care while a parent is participating in treatment or transportation to and/or from the treatment site.
X	Recovery Support Services as identified above provided to pregnant & parenting women.

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



Exhibit A Amendment #2

C. Required Services

Priority Admission:

- 1) The Contractor shall give admission preference to pregnant women and women with dependent children, even if the children are not in their custody, as long as parental rights have not been terminated, including the provision of interim services within the required 48 hour time frame.
- 2) Individuals with a history of injection drug use including the provision of interim services within 14 days.
- 3) Individuals with a primary diagnosis of a substance use disorder, which may also include a co-occurring mental health disorder.
- 4) Individuals on medication-assisted treatment for co-occurring substance abuse and mental health disorders or various opiate replacement therapies, including, but not limited to, methadone, buprenorphine and naltrexone.

Required Outreach:

New Hampshire Department of Health & Human Services (DHHS) programs receiving federal treatment Block Grant funds requires that Contractors must publicize services available to pregnant or parenting women and injection drug users in need of substance abuse treatment and that these individuals receive preference for admission to treatment. This may be done as follows, but is not limited to, street outreach programs, ongoing public service announcements (radio/television), regular advertisements in local/regional print media, posters placed in targeted areas, and frequent notification of availability of such treatment distributed to the network of community based organizations, health care providers and social service agencies. The Contractor will submit their outreach plans to DHHS through the Bureau of Drug and Alcohol Services (BDAS) within 60 days of contract effective date.

Health Facilities Administration Licensing Requirements:

Housing programs with substance abuse treatment services at the same location will need to secure necessary licensing as a Residential Rehabilitation Facility by the DHHS Bureau of Health Facilities Administration, as appropriate, see He-P 807 at the following link: (http://www.gencourt.state.nh.us/rules/state_agencies/he-p800.html). Any contractor with an American Society of Addiction Medicine (ASAM) (October 2013) Level 3.3 or higher level program must secure this licensing for all Level 3 programs housed within the same facility as the Level 3.3 program. In the case of residential treatment and housing at the same site, residential programs should plan to treat no more than 16 pregnant or parenting women at any given time to comply with federal Medicaid restrictions on Institute for Mental Diseases (IMD) exclusion criteria. This restriction would not apply to programs in which the client's residence is in a separate location from the treatment program.

Capacity Reporting:

The Contractor must contact BDAS, as agent for DHHS, when their capacity has reached 90% within 5 business days. The Contractor must refer pregnant women to the State when the Contractor has insufficient capacity to provide services to any such pregnant women who seek the services of the program. Sending e-mail to the BDAS Clinical Services Unit Administrator may complete this notification process.



Exhibit A Amendment #2

Access to Services:

The Contractor shall respond to calls requesting treatment and/or transitional living program services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within 2 business days following the day the call was received.

The Contractor is required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.

Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client should be referred to a DHHS funded provider where they are able to access interim services.

Contractors receiving grant funds from DHHS will not discriminate against clients who are using legitimate medications to assist their recovery and will not have policies that allow them to refuse admission to treatment or to discharge clients from treatment based on the use of appropriately prescribed medications and various opiate replacement therapies, including, but not limited to, methadone and buprenorphine, as well as other forms of medication-assisted treatment for co-occurring substance abuse and mental health disorders.

Clients Eligible for Treatment Services:

In order to be eligible for DHHS supported services, a client must meet all eligibility criteria described below. Eligibility determination shall be conducted as follows:

1. Substance Use Disorder, Financial Eligibility & Residency Screening: The contractor shall complete the eligibility screening module in the Web Information Technology System (WITS) to determine if the client meets residency, financial, and substance use disorder potential eligibility requirements:
 - a. Residency: The client must be a resident of New Hampshire or homeless in New Hampshire to be eligible for DHHS supported services; and
 - b. Financial Eligibility: The client's income must be below 400% of Federal Poverty Level (FPL) to be eligible for DHHS supported services based on the sliding fee scale described below. Once the screening has been completed, the contractor shall print the associated attestation and have the client sign this document. A copy of the signed attestation shall be maintained in the client file. The client's financial eligibility shall be reassessed no less than every 120 days.; and
 - c. Potential for a Substance Use Disorder: The client must screen positive for a potential substance use disorder to be eligible for DHHS funded services.
2. Evaluation: The contractor shall conduct a full substance abuse evaluation, which includes administration of either the Addiction Severity Index (ASI) in WITS or Global Appraisal of Individual Needs (GAIN).
 - a. Substance Use Disorder: This evaluation shall be used to determine if the client meets Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM5) criteria for a substance use disorder. Clients who meet DSM5 criteria for a substance use disorder are eligible for DHHS funded services. Client who do not meet these criteria are not eligible for DHHS funded services.



Exhibit A Amendment #2

- b. **Level of Care:** For clients who have met all other eligibility requirements, this evaluation shall be used to determine the appropriate level of care for the client based on ASAM (October 2013) criteria. The client is eligible for DHHS funded services at the assessed level of care unless such a level of care is unavailable or the client chooses to enter a lower level of care. If the assessed level of care is unavailable, the client may choose to enter the next higher level of care.
3. **Medicaid/NHHPP Eligibility:** The contractor shall determine whether or not the client is eligible for Medicaid/NHHPP coverage for the identified level of care. If the client is not eligible for Medicaid/NHHPP coverage for the identified level of care, the client may be eligible for DHHS funded services. If the client is eligible for Medicaid/NHHPP coverage for the identified level of care, the client is not eligible for DHHS funded services.
4. **Insurance Coverage:** The contractor shall determine whether or not the client has insurance that will cover services at the identified level of care. If the client does not have insurance that will reimburse for these services at a rate equal to or greater than the DHHS rate, the client is eligible for DHHS funded services. If the client has insurance that will reimburse for these services at an amount equal or greater to the DHHS reimbursement rate, the client is not eligible for DHHS funded services. The contractor may not charge the combination of the client, any 3rd party payor, and DHHS more than the maximum charge allowed. These parties shall be charged in the following order:
 - a. The maximum allowed charge will be billed to the client's insurer, if applicable.
 - b. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
 - c. The balance of the maximum allowed charge after deducting the client's portion and the insurance payment, if applicable, shall be charged to DHHS.

Sliding Fee Scale:

The contractor shall not charge the combination of the client, any 3rd party payor and BDAS an amount greater than the maximum rate allowed for each service. All reasonable efforts shall be made to collect payment of bills. A client's inability to pay shall not preclude admission to the program and treatment.

- Client Income is 0% - 138% of FPL: 100% of the allowed charge less any amount paid for by insurance.
- Client Income is 139% - 149% of FPL: 92% of the allowed charge less any amount paid for by insurance.
- Client Income is 150% - 199% of FPL: 88% of the allowed charge less any amount paid for by insurance.
- Client Income is 200% - 249% of FPL: 75% of the allowed charge less any amount paid for by insurance.
- Client Income is 250% - 299% of FPL: 60% of the allowed charge less any amount paid for by insurance.
- Client Income is 300% - 349% of FPL: 43% of the allowed charge less any amount paid for by insurance.
- Client Income is 350% - 399% of FPL: 33% of the allowed charge less any amount paid for by insurance.



Exhibit A Amendment #2

With respect to minority age individuals, a minor child shall not be denied services as a result of the parent's unwillingness to pay the fee or the minor child's decision to receive confidential services pursuant to RSA 318-B:12-a.

Waiting List Management:

When a person who is pregnant or an injection substance abuser seeks treatment and there are no appropriate treatment services available within the required time frame as outlined below, interim services **must** be made available. The Contractor agrees to maintain the wait list management system in WITS that includes a unique patient identifier and include information on dates of requests for admission to treatment, provision of interim services and source for those services, referrals made for treatment or interim services, and disposition of clients on the waiting list.

- The waiting list must contain a mechanism that identifies and counts the number of applicants who present and are determined to be appropriate for substance abuse treatment but are unable to be placed as there is no capacity;
- Maintain contact with individuals awaiting admission; and,
- Admit or transfer waiting list clients at the earliest possible time to an appropriate treatment program within a reasonable geographic area.

The Contractor shall remove a client awaiting treatment from the waiting list only when one of the following conditions exists:

- Such persons cannot be located for admission into treatment *or*
- Such persons refuse treatment.

Specific Interim Services for Pregnant Women, Women with Dependent Children and Injection Drug Users:

The Contractor agrees to contact the BDAS Clinical Services Unit if a pregnant women and women with dependent children or individuals with a history of injection drug use, cannot be accepted into treatment within specific time frames, and agrees that interim services will be provided or facilitated by the Contractor. Interim services for pregnant women must include counseling on the effects of alcohol and drug use on the fetus, referrals for prenatal care, and counseling and education about HIV and tuberculosis. Interim services for injection drug users must also include counseling and education in the risks of needle sharing, about the risks of transmission to sexual partners and infants, and referral for HIV, Hepatitis C and tuberculosis screening/testing. All interim services shall be documented in the client's clinical record in the WITS system.

Interim Services for other Clients:

The Contractor shall provide, or refer the client to, interim services until level of service identified in the level of care assessment is available and/or the client is willing and assessed as being sufficiently motivated to take advantage of the proposed level of service or interim services. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client shall be referred to a DHHS funded provider where they are able to access interim services.

Services to pregnant and parenting women:

The Contractor further agrees that childcare will be made available to women who are in treatment with their dependent children, either through on-site care or through arrangements with an off-site legal childcare provider. Other services required are as follows:



Exhibit A Amendment #2

- The family is treated as a unit and, therefore, admits both women and their children into treatment services, if appropriate.
- The Contractor shall provide or arrange for primary medical care for women who are receiving substance abuse services, including prenatal care.
- The Contractor shall provide or arrange for childcare while the women are receiving services even if the children are not in their custody, as long as parental rights have not been terminated.
- The Contractor shall provide or arrange for primary pediatric care for the women's children, including immunizations.
- The Contractor shall provide or arrange for gender-specific substance abuse treatment and other therapeutic interventions for women that may address issues of relationships, sexual abuse, physical abuse, and parenting, and childcare while the women are receiving these services.
- The Contractor shall provide or arrange for therapeutic interventions for children in custody of women in treatment, which may, among other things, address the children's developmental needs, their issues of sexual and physical abuse, and neglect.
- The Contractor shall provide or arrange for sufficient case management and transportation services to ensure that the women and their children have access to the services provided for above.
- If a pregnant, pregnant injection drug using or Injection Drug Using person refuses treatment or says (s)he is not interested in treatment, the wait list report shall be completed with the engagement activities attempted.
- If a pregnant, pregnant injection drug using or Injection Drug Using person no shows or cancels treatment, interim services must be provided, as stipulated above and the wait list report shall be completed that demonstrates the activities of follow up, engagement and substance abuse treatment services offered.

Relationship(s) with Primary Health Care:

The Contractor shall arrange and coordinate services and exchange of information with other health care providers and agencies which:

- Identifies the client's current Primary Care Provider (PCP) at screening and/or intake.
- If the client has no current PCP, the Contractor shall identify available provider(s) in the client's local area such as a federally qualified community health center, community health center, or other local health services.
- Obtains client/patient authorization to communicate with PCP office.
- If no authorization is completed initially, the Contractor shall educate client as to the importance of engaging the PCP in ongoing care and address the client's concerns as part of treatment, with goal of obtaining authorization before discharge.
- Sends the discharge summary to PCP and offers to discuss recovery issues with the provider.
- Arranges (or has the client arrange) a post-discharge appointment with PCP for the client/patient for follow-up of the substance use disorder.

Tobacco Cessation:

The Contractor shall have policies and procedures for both client and Contractor staff, that not only creates a tobacco-free environment as required by law, but to offer tobacco cessation tools and programming. Tobacco use, in and of itself, shall not be grounds for administrative discharge from the program. Initially, all clients shall be assessed for motivation in stopping the use of tobacco products. Providers may tap into resources such as the DPHS Tobacco Prevention & Control Program (TPCP) and

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

the certified tobacco cessation counselors available through the QuitLine. Other resources for providers include:

Breathe New Hampshire
145 Hollis St., Unit C
Manchester, NH 03101
603-669-2411 (phone) or 1-800-835-8647

The New Hampshire Medicaid program covers:

- Nicotine Replacement Therapy (NRT) Gum,
 - NRT Patch,
 - NRT Nasal Spray,
 - NRT Lozenge,
 - NRT Inhaler,
 - Varenicline (Chantix),
 - Bupropion (Zyban),
 - Group Counseling and/or
 - Individual Counseling. Up to 12 individual counseling sessions are covered per year through a mental health provider (Note: These sessions would NOT be in addition to other mental health counseling sessions under Medicaid). Pregnant women also have the option of group counseling.
- For more information, visit the website at:
<http://www.dhhs.state.nh.us/DHHS/MEDICAIDPROGRAM/default.htm>

Tuberculosis:

The Contractor shall make available tuberculosis services (defined as screening, counseling, testing, and treatment) directly, or through other providers, to each client receiving treatment. In the case of an individual denied admission due to lack of capacity, the substance abuse treatment Contractor will refer the individual to another provider of tuberculosis services if appropriate. All Contractor providing residential services shall make available, either on-site or through agreements with health care providers, tuberculosis services, including screening, testing, counseling and referral for medical treatment.

Physical location and facilities:

For the purpose of providing the services described in Section II of the Scope of Services, the Contractor shall obtain and maintain a suitable space complying with all fire, health, and safety codes to include handicapped accessibility and being wheelchair accessible.

The Contractor shall obtain written prior approval of DHHS, acting through BDAS, before entering into any agreement concerning relocation of the service site.

Culturally and Linguistically Appropriate Standards of Care:

DHHS recognizes that culture and language have considerable impact on how consumers access services. Culturally and linguistically diverse populations experience barriers in efforts to access services. To ensure equal access to quality services, DHHS expects that Contractors shall provide culturally and linguistically appropriate services according to the following guidelines:

1. Assess the ethnic/cultural needs, resources and assets of their community.
2. Promote the knowledge and skills necessary for staff to work effectively with consumers with respect to their culturally and linguistically diverse environment.



Exhibit A Amendment #2

3. When feasible and appropriate, provide clients of Limited English Proficiency (LEP) with interpretation services. Persons of LEP are defined as those who do not speak English as their primary language and whose skills in listening to, speaking, or reading English are such that they are unable to adequately understand and participate in the care or in the services provided to them without language assistance.
4. The Contractor is responsible for reasonable accommodations in arranging for interpreter services for hearing impaired clients.
5. The Contractor offers consumers or clients a forum through which those individuals have the opportunity to provide feedback to the Contractor regarding cultural and linguistic issues that may deserve response.

Compliance with State and Federal Laws:

The Contractor is responsible for compliance with all relevant state and federal laws. Special attention is called to the following statutory responsibilities:

1. All services provided pursuant to this Contract shall be subject to the most current proposed or formalized rules and regulations promulgated by DHHS, pursuant to RSA 541-A.
2. The Contractor shall maintain adherence to federal and state confidentiality laws specifically: 42 CFR Part 2B, N.H. RSA 318 B:12 and N.H. RSA 172:8-A and the Health Insurance Portability and Accountability Act (HIPAA): <http://www.hhs.gov/ocr/privacy/>
3. The Contractor shall meet the standards outlined in NH Administrative Rule He-A 300, Certification and Operation of Alcohol and other Drug Disorder Treatment Programs. This administrative rule is currently expired and under revision. The Contractor should plan to meet the requirements as outlined in the expired rule until the revisions are completed. He-A 300 can be viewed on the RFP link to this document <http://www.dhhs.nh.gov/business/rfp/index.htm>.
4. The Contractor shall, upon the direction of the State, provide court-ordered evaluation in their catchment area and a sliding scale fee shall apply and the inability to pay shall not interfere with the completion and submission of the court-ordered evaluation and shall, upon the direction of the State, offer treatment to those individuals pursuant to RSA 172:13.
5. Contractors considering research, including research conducted by student interns, using individuals served by this contract as subjects must adhere to the legal requirements governing human subjects' research. Contractors must inform the DHHS via contact with BDAS prior to initiating any research involving subjects or participants related to this contract. In addition, research conducted on subjects served by this contract may need to be approved by the New Hampshire Department of Health & Human Services Committee for the Protection of Human Subjects (NH DHHS CPHS) see <http://www.dhhs.nh.gov/irb/>

Client Stabilization:

The Contractor will be expected to arrange for medical clearance for all clients receiving treatment services supported by DHHS administered by BDAS to assure that they are not at risk for acute withdrawal from alcohol and certain drugs. The Contractor shall be expected to provide a range of integrated services that include withdrawal management services that follow detoxification guidelines outlined in Treatment Improvement Protocol (TIP) #45, Detoxification and Substance Abuse Treatment and ASAM guidelines.



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Clinical Services:

The Contractor shall provide the following:

- a. A minimum of one (1) substance abuse counselor on site each day of the week during primary treatment hours. The substance abuse counselor shall have a bachelor's degree or equivalent in social work/psychology, guidance or nursing and/or a certificate in the field of addiction studies from an approved educational institution or educational/life experience.
- b. A minimum of one (1) substance abuse support staff on site each day of the week during all hours not covered by a substance abuse counselor. The substance abuse support staff must have a high school or General Equivalency Diploma (GED). Preference is given to individuals who have completed additional courses or taken training in substance use disorders or other health fields.
- c. An intake/admission coordinator on site Monday through Friday of each week. The intake/admission coordinator shall have one (1) years' work experience in the field of addiction studies.
- d. A full-time Executive Director, not filling any of the positions described above.

Evaluation:

The contractor shall conduct a full substance abuse evaluation, which includes administration of either the ASI or GAIN to determine eligibility for services. This evaluation must be updated every 120 days or when the client transitions to a different level of care.

Assessment of Risk for Self-Harm/Suicide: The Contractor shall have policies and practices for assessing risk of self-harm at all phases of treatment, such as at initial contact, during screening, intake, admission, on-going treatment services and at discharge, and a process for referral when necessary to include referrals to mental health services.

The Contractor shall develop policies, programs and protocols in accordance with SAMHSA guidelines as outlined in the Treatment Improvement Protocols (TIPs) and Technical Assistance Publications (TAPs). These publications can be downloaded from <http://www.kap.samhsa.gov/products/manuals/index.htm>.

Use of Best Practices: The Contractor is required to use the Addiction Severity Index (ASI) or Global Appraisal of Individual Needs (GAIN) assessment tools, the SAMHSA/NIDA MATRS treatment-planning model and the WITS electronic case management system.

Care Coordination:

The Contractor is required to assess each client's need/appropriateness for residential transitional living services and to **refer all clients for care coordination services** made available through the Access to Recovery (ATR) initiative administered by the BDAS so long as this initiative remains available on behalf of DHHS that would commence following the initial course of treatment. Contractors are required to address motivational issues with clients for them to participate effectively in the care coordination and recovery support services. Contractors are required to have clients sign the "ATR Client Participation Agreement" (made available by BDAS), indicating that they either agree or opt out of participating in these services. The contractor will facilitate all clients who agree to participate in these services to complete the Client Participation Agreement and upon obtaining a signed release of information, refer clients to an ATR Care Coordinator Program at least two weeks prior to anticipated date of discharge (dis-enrollment) from services. Assessing the need for aftercare services is expected to take place while

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Exhibit A Amendment #2

the client is involved within the most recent episode of care, with a referral being made and accepted by the care coordination service prior to the client being discharged.

The Contractor must provide the following for use by the care coordination program:

- Private space for interviewing/meeting with clients.
- Access to internet (either wired or wireless) in the meeting space
- Telephone in the meeting space and
- A contact person at the Contractor's site for logistics.

It is the expectation of the BDAS at DHHS that, upon completion of appropriate signed releases, the Contractor will provide the care coordination program with necessary information from the clinical record (evaluation, treatment plan, progress notes, etc.) for the care coordination program to develop a service plan with the client.

All alcohol and other drug treatment providers under contract with the BDAS on behalf of DHHS are required to address with all clients, the need for continuing services. This includes clinically managed low-intensity treatment programs under contract with the BDAS on behalf of DHHS as well as care coordination and recovery support services made available through DHHS contracted providers; the ATR initiative administered by BDAS, so long as this initiative remains available; and/or any other resources that become available to pay for these services that would commence following the initial course of treatment. The referral for these services should take place prior to discharge from the initial course of treatment.

Relevant Policies and Guidelines:

The services provided for in this agreement shall be in addition to the services provided for in any other agreement between the State of New Hampshire, any of its agencies, or any of its officers, and the Contractor.

Without limiting the generality of any other provisions of this agreement, the Contractor shall cooperate fully with, and answer all questions of representatives of the State conducting any periodic or special review of the performance of the Contractor or any inspection of the facilities of the Contractor.

Publications Funded Under Contract:

All products produced under this contract are in the public domain. All products (written, video, audio) produced, reproduced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution, or use. The Contract shall credit DHHS on all materials produced under this contract.

Student Internships:

The Contractor shall establish policies and procedures related to student interns that address minimum coursework, experience and core competencies for those interns having direct contact with individuals served by this contract. Student interns shall complete an approved ethics course prior to beginning the internship.

**New Hampshire Department of Health and Human Services
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Exhibit A Amendment #2

Staff Licensing Requirements:

The ratio of licensed to non-licensed service providers shall be as follows:

Agencies must have at least one Licensed, or Masters Licensed, Alcohol and Drug Counselor (LADC/MLADC) for each two unlicensed counselors providing substance abuse treatment services and a sufficient number of MLADCs or LADCs with the Licensed Clinical Supervision (LCS) credential to adequately provide for clinical supervision of all clinical staff. This requirement shall be met by the Contractor no later than six (6) months after the date of the Contract effective date.

Updated resumes, which clearly indicate the staff member is employed by the Contractor, including current positions of staff supported by funds provided through this Contract, shall be forwarded to the BDAS as agent for DHHS. The documentation shall include a copy of the New Hampshire Alcohol and Drug Counselor License.

Staff Certification Requirements:

In addition to the requirements for LADCs, all Contractor milieu staff in residential settings and transitional living programs and staff providing recovery support aftercare group services shall be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification under RSA 330-C (<http://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XXX-330-C.htm>). Certification must be completed within six (6) months of the contract's approval date.

Staff providing recovery support services are expected to be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification. Peer recovery support services made available through Recovery Community Organizations (RCOs), under agreement with BDAS on behalf of DHHS, shall be provided by individuals certified by those organizations (CRSW not required for peer recovery support services).

Supervision:

Ongoing clinical supervision will include weekly discussion of cases with suggestions for resources or therapeutic approaches, co-therapy, and periodic assessment of progress. When enough candidates are under supervision, group supervision may be included to help optimize the learning experience.

The content of supervision must include knowledge, skills, values, and ethics with specific application to the practice issues faced by the supervisee, including the core functions as described in the Twelve Core Functions of Alcohol and Drug Counseling.

The content of supervision must also include the standards of practice and ethical conduct, with particular emphasis given to the counselor's role and appropriate responsibilities, professional boundaries, and power dynamics.

Staffing Changes:

BDAS as agent for DHHS shall be notified of changes in key personnel with updated resumes that clearly indicate the staff member is employed by the Contractor submitted within five (5) working days. Key personnel are those staff for whom at least 10% of their work time is spent providing alcohol or other drug abuse treatment services.



Exhibit A Amendment #2

1. New Hires: The Contractor shall notify BDAS on behalf of DHHS in writing within one month of hire when a new administrator or coordinator or any staff person essential to carrying out this scope of services is hired to work in the program. A resume of the employee, which clearly indicates the staff member is employed by the Contractor, shall accompany this notification.
2. Vacancies: The Contractor shall notify BDAS on behalf of DHHS in writing within 14 calendar days, if at any time, any site funded under this agreement does not have adequate staffing to perform all required services for more than one month.

Other Requirements:

The Contractor shall attend trainings and/or meetings as requested by DHHS.

ATR and Recovery Support Services:

All DHHS funded treatment and recovery support service providers must also be approved Access to Recovery (ATR) providers, so long as the ATR initiative remains available, as this will be the source of funding for these recovery support services through the Voucher Management System (VMS). Information on becoming an ATR provider can be found on the DHHS website: <http://www.dhhs.nh.gov/dcbcs/bdas/atr/becomingprovider.htm>

Regional Network Participation:

The Contractor will designate administrative level staff to regularly participate in the Regional Network and contribute to overall regional network strategic planning, monitoring, evaluation, and cross systems communication efforts. The Contractor is highly encouraged to serve on one of the work groups and contribute to data collection, regional strategic planning and evaluation. Participation will be measured by the annual Partner Survey (<http://www.partnertool.net/>) administered by NH Center for Excellence under contract with BDAS as agent for DHHS.

Performance Measures:

All treatment programs under contract with BDAS on behalf of DHHS are required to report on the National Outcome Measures (NOMs) established by the SAMHSA, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the WITS (electronic case management) system. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions.

Data and Reporting Requirements:

1. Without limiting the generality of any other provisions of this agreement, the Contractor shall provide any periodic or special reports required by the DHHS.
2. The Contractor shall notify BDAS, as an authorized agent of DHHS, whenever the Contractor has reached ninety percent capacity to admit new clients. In addition the Contractor shall have a waiting list management policy in accordance with the SAPT Block Grant requirements. This 90% notification process will become automatic when this operation is fully functional in WITS.
3. The Contractor shall notify DHHS through BDAS, within one working day, if sufficient capacity is not available to provide treatment services to a pregnant woman, parenting woman or injection drug user within the required time frames and a referral elsewhere is not successful and interim services cannot be provided.



Exhibit A Amendment #2

4. The Contractor shall comply with all research and/or information systems development activities for the electronic case management/Web Information Technology System (CM/WITS) conducted by, or authorized by, DHHS.
5. The Contractor shall administer any client surveys, client evaluations including the addiction Severity Index (ASI) or the Global Appraisal of Individual Needs (GAIN), client treatment outcome instruments, the M.A.T.R.S. Treatment Planning Tool, as required by DHHS.
6. The Contractor must have the ability to communicate and submit required reports via the Web-based submission system and/or e-mail, for treatment s and recovery support services and interim services. All required clinical and documentation activities shall be entered in WITS unless specifically granted an exception by BDAS on behalf of DHHS.

Critical Incident/Sentinel Event Reporting:

The Department's Sentinel Event policy is contained in the following link:
<http://www.dhhs.nh.gov/dcbcs/sentinel.htm>

Division of Community Based Care Services (DCBCS) Sentinel Event Notification:

The preceding events require the immediate verbal notification to the BDAS Assistant Administrator or Clinical Services Unit Administrator upon the discovery of a sentinel event involving an individual(s) receiving services through a DHHS substance use disorder treatment Contractor.

Since the initial and immediate verbal notification of a sentinel event is likely to include protected health information (PHI) as identified below, the Contractor of services to individuals receiving services funded by the DHHS shall disclose PHI in a private and secure manner. Contractors and vendors should not leave voice-mail messages, but instead make direct telephone contact with the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee. If direct telephone contact is not possible, a voice mail message may be left without protected health information, such as medications and relevant medical and psychiatric diagnoses. As soon as possible after the initial verbal notification, the Contractor will mail or fax a completed *Sentinel Event Reporting Form* as directed in this protocol.

Notification shall include the following:

1. Name and phone number of the individual reporting.
2. Name, date of birth (DOB), medications and all relevant medical and psychiatric diagnoses of individual(s) involved;
3. Location, date, and time of event;
4. Description of the event including what, when, where, how, and other relevant information and identification of any other individuals involved;
5. Legal status of the individual involved with regard to guardianship and power of attorney;
6. Community, guardian, family and/or families' knowledge of the event; and
7. Contractor contact person and contact information.

It shall be the responsibility of the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee to notify the DCBCS Quality Improvement Director by e-mail as soon as the BDAS Clinical Administrator or designee becomes aware a Sentinel Event has occurred. The DCBCS Quality Improvement Director shall make immediate notification to the Commissioner. Internal e-mails within the Department may contain PHI and all Department employees will utilize safeguards to ensure the privacy

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of the PHI as stated in the DHHS General Manual Health Insurance Portability and Accountability Act (HIPAA) policy #504.

Each DCBCS contractor recognizes its responsibility to report evidence of neglect, abuse or exploitation to the appropriate regulatory agencies as required by RSA 161-F: 42-57 and RSA 169-C:29. In any case of known or suspected neglect, abuse or exploitation, the Contractor aware of the situation shall follow all applicable rules relative to individual rights protection procedures.

Written follow up information is to be forwarded by the reporting Contractor to the appropriate BDAS Administrator listed below within 72 hours by completing the *Sentinel Event Reporting Form*. To protect clients' confidential information, reporting Contractors should submit the *Sentinel Event Reporting Form* either by fax to the BDAS Assistant Administrator or the BDAS Clinical Services Unit Administrator by a mail service that provides delivery confirmation.

Bureau of Drug and Alcohol Services
Assistant Administrator
105 Pleasant Street
Concord, NH 03301
Or by fax to the BDAS Administrator's Office at 271-6105;

Follow-up information is the responsibility of the Contractor and should be submitted in a way as to protect clients' confidential information such as by mail with delivery confirmation and should include:

1. The *Sentinel Event Reporting Form*(www.dhhs.nh.gov/dcbcs/documents/sentinelform.pdf);
2. Additional details as they are learned or if the status of the situation changes; and,
3. Copies of newspaper articles.

Additionally, DHHS requires critical incident reporting. The Contractor shall report all critical incidents/sentinel events to the BDAS Clinical Services Unit Administrator immediately via telephone. Every effort shall be made to reach the BDAS administrator directly. If a voice message is necessary, sufficient provider contact information shall be provided so that DHHS is able to reach the reporter, or other responsible staff, immediately.

A critical incident includes, but is not limited to, any child or adult protective services report to the Division of Children, Youth and Families (DCYF), or the Bureau of Elderly and Adult Services (BEAS), respectively, regarding any incident involving 1) a staff/employee to youth or client, 2) youth to youth, or 3) client to client. This includes incidents that occur while a client is on leave, or on a pass, from the Contractor and may be off site at the time the incident occurred.

A sentinel event is an unexpected occurrence involving the death or serious physical or psychological injury, or risk thereof, signaling the need for immediate investigation and response.

Death or any serious injury or medical emergency regarding staff or clients that requires emergency medical attention (EMT or other emergency personnel at the Contractor's site, or a hospital emergency room visit), or any crime reportable to law enforcement, or any other serious incident must also be reported to DHHS as described below.



Exhibit A Amendment #2

Reportable sentinel events include, but are not limited to, any occurrence that meets any of the following criteria:

1. An unanticipated death or permanent loss of function, not related to the natural course of an individual's illness or underlying condition.
2. Homicide or suicide of any individual receiving DHHS funded care, treatment or services, that had been discharged from a Department funded program or facility within 30 days of the event, or has been evaluated by a service Contractor within the preceding 30 days;
3. Sexual assault or rape of any individual receiving DHHS funded care, treatment or services by another client or employee of any Department funded program or facility where there is an act that was witnessed or there is sufficient clinical evidence obtained by the Contractor to support allegation of nonconsensual sexual contact.
4. Unauthorized departure of an individual receiving DHHS funded services, from a facility providing care, resulting in death or permanent loss of function.
5. Medication error that results in death, paralysis, coma, or other permanent loss of function.
6. Delay or failure to provide DHHS funded Contractor services that result in death or permanent loss of function.
7. Abuse as a result of the willful infliction of injury, unreasonable confinement, intimidation, or punishment with resulting physical harm, or mental anguish. This includes staff neglect or indifference to infliction of injury or intimidation of one individual by another.
8. Neglect as a result of the failure to provide the goods and services necessary to avoid physical harm, mental anguish or mental illness.
9. Assault of or by a client of the Contractor that results in the injury of the person or another person of such severity that medical attention is required.
10. Arson resulting in property loss.
11. High profile events, which may include media coverage and/or police involvement.

On-Site Reviews:

1. The Contractor shall allow a team or person authorized by DHHS to periodically review the Contractor's systems of governance, administration, data collection and submission, clinical, and financial management in order to assure systems are adequate to provide the contracted services.
2. Reviews shall include, but not be limited to, client record reviews to measure compliance with this exhibit.
3. The Contractor shall make corrective actions as advised by the review team if contracted services are not found to be provided in accordance with this exhibit.
4. DHHS staff shall contact the Contractor in advance of the site visit, so that the Contractor shall have sufficient time to prepare any guidance/reporting systems or logs that will be reviewed at the site visit.

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Exhibit B Amendment #2

Method and Conditions Precedent to Payment

The State shall pay the Contractor an amount not to exceed the Price Limitation, block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services, and in accordance with Exhibit B.

Funding for this Agreement is funded by various sources as a percentage of the total amount of \$611,904 as follows:

- 46 % Federal Funds from the Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant (CFDA #93.959);
- 22 % General Governor's Commission on Alcohol and Drug Abuse Prevention, Intervention and Treatment Funds; and
- 32 % General funds.

I. Payment Methodology

The Contractor shall be reimbursed for providing and delivering the services listed in Exhibit A, paragraph B. The following terms and conditions detailed in this Exhibit B shall apply to all services unless expressly stated otherwise.

The Contractor shall agree to use and apply all contract funds from the State for costs and expenses as detailed in the Service Reimbursement Table below. Allowable costs and expenses shall be determined by the State in accordance with applicable state and federal laws and regulations. Starting in State Fiscal Year 2015 (effective July 1, 2014) the contractor will receive a payment for each service at the rates and within the limits described below. For clients receiving DHHS supported services, the contractor may not charge the client, any 3rd party payor, and DHHS a combined rate that is more than the rate established by BDAS for that level of service or any other fees. These parties shall be charged in the following order:

1. The maximum allowed charge will be billed to the client's insurer, if applicable.
2. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
3. The balance of the maximum allowed charge, after deducting the client's portion and insurance payment, if applicable, shall be charged to DHHS.

Service Reimbursement Table - A check mark indicates the services and corresponding rates the Contractor will be reimbursed for.

Check mark indicates applicable service	Service	DHHS Established Rate	Service Limit
X	Evaluation	\$225	1 every 90 days
	Outpatient – Individual	\$18.75/unit***	\$190 of combined individual & group/week
	Outpatient – Group	\$5.00/unit	
	Intensive Outpatient*	\$80.00/day	\$320 (4 days)/week
X	Low-Intensity Residential – Adult	\$100.00/day	\$700 (7 days) /week



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X	Low-Intensity Residential – Adolescent	\$128.00/day	\$896 (7 days) /week
X	High-Intensity Residential – Adult	\$130.00/day	\$910 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Room & Board Only	\$66.00/day	\$462 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Clinical Services	\$162.60/day	\$1138.20 (7 days) /week
X	Medium Intensity Residential – Adolescent	\$170.00/day	\$1190 (7 days) /week
	Recovery Support Services		
X	Individual	\$15.00/unit	\$160 of combined individual & group/week
X	Group	\$5.00/unit	
X	Continuous Recovery Monitoring – Attempted**	\$15.00/contact	\$60 of combined attempted and completed/month for the first 6 months post discharge
X	Continuous Recovery Monitoring – Completed	\$15.00/contact	
	Enhanced Services	Varied	

* Providers may bill the per diem rate for Intensive Outpatient Treatment services only on those days when the client attends individual and/or group counseling associated with the program. It is expected that each day of attendance includes a minimum of 3 hours of group and/or individual counseling services.

**Attempted Contact is at least 3 attempts to contact a client over the course of at least one week.

*** A unit is equal to 15 minutes of service

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. Failure to meet this requirement may result in amendment to or termination of the contract. At a minimum, contractors must provide the array of services they contracted to provide for in SFY14.

1. Performance Incentives:

A. Access to Services:

Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received and shall conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact. For each client who screens eligible for



Exhibit B Amendment #2

services and starts receiving services, whether for the identified level of care or interim services, within 10 business days following the eligibility screening, the treatment contractor will receive an incentive payment of \$75.00. Access incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

B. Completion:

For each client who is discharged from the program because they have completed treatment or transferred to another treatment provider as recorded in the Discharge Type field of the WITS Discharge Module, the treatment contractor will receive an incentive payment of \$75.00. Completion incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

C. Client Outcomes:

If a client who was discharged from the program meets at least 3 of the Outcome criteria below in the 3rd and/or 6th month post-discharge, as evidenced by the WITS Follow-Up module, the treatment contractor will receive an incentive payment in the amount of \$50. The 3rd month post discharge is considered to be 60 – 120 days post discharge. The 6th month post discharge is considered to be 150 – 210 days post discharge. Outcomes incentives will be calculated and paid on a monthly basis for clients meeting criteria in the previous calendar month. It is expected that at least 50% of discharged clients will be contacted for 3 and/or 6 month follow-up over the contract year.

- i. Abstinence: The client reports reduced or no substance use in the past 30 days.
- ii. Employment/Education: The client reports increased or retained employment or the client reports returning to or staying in school.
- iii. Crime and Criminal Justice: The client reports no arrests in the past 30 days.
- iv. Stability in Housing: The client reports being in stable housing.
- v. Social Connectedness: The client reports engagement in Recovery Support Services, Care Coordination, and/or Community Based Support Groups in the past 30 days.

D. Performance Incentive Payout Limits:

Performance incentives are limited to no more than 6% of the total contract amount annually. The total amount paid out during the contract year will never exceed the total contract amount. DHHS is not obligated to make payment for any incentives that occur outside of the current contract year; however, incentives may be carried over to future contract years at the discretion of DHHS.

2. Failure to Meet Deliverables:

The Contractor shall comply with all contract requirements as detailed in Exhibit A section B, Required Services. Upon determination that Contractor may not be meeting the required deliverables, within two (2) weeks BDAS will provide a written correction action plan. Within two (2) weeks of notification of the corrective action plan, Contractor will provide a written remedial plan. BDAS will monitor the corrective actions for 60 days. Failure to meet requirements of the corrective action plan within 60 days may result in withholding of any or all payments or termination of the contract.

3. Invoicing & Billing:

All billing shall be completed via the WITS system according to protocols established by BDAS.



Exhibit B Amendment #2

The Contractor shall have written authorization from the State prior to using contract funds to purchase or lease any equipment with a cost in excess of two thousand five hundred dollars (\$2500) and with a useful life beyond one year.

II. Allocation of Funding:

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. The contractor is prohibited from spending down more than the sum of the total contract amount that includes the cost of the client services and related incentives.

III. Availability of Alternative Funding:

The New Hampshire Department of Health and Human Services may terminate or amend the contract should alternate third party payors, including Medicaid, the New Hampshire Health Protection Program and/or insurance available on the New Hampshire Insurance Exchange cover any of the services included in this contract.

IV. Limitations and restrictions of federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds:

The Contractor agrees to use the SAPT funds as the payment of last resort.

Restrictions on SAPT Block Grant on State and Contractor expenditures include:

The State may not:

- Provide inpatient hospital services except under those conditions outlined in the regulations.
- Make cash payments to intended recipients of substance abuse services.
- Purchase or improve land.
- Purchase, construct, or permanently improve buildings or other facilities.
- Purchase major medical equipment.
- Satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds. (in-kind)
- Provide financial assistance to any entity other than a public or non-profit private entity.
- Provide individuals with hypodermic needles or syringes.
- Expend more than the amount of Block Grant funds expended in FFY91 for treatment services provided in penal or correctional institutions of the State.

The Contractor shall not:

- Use any federal funds provided under this contract for the purpose of conducting testing for the etiologic agent for Human Immunodeficiency Virus (HIV) unless such testing is accompanied by appropriate pre and post-test counseling.
- Use any federal funds provided under this contract for the purpose of conducting any form of needle exchange, free needle programs or the distribution of bleach for the cleaning of needles for intravenous drug abusers.

V. Charitable Choice:



Exhibit B Amendment #2

Federal Charitable Choice statutory provisions ensure that religious organizations are able to equally compete for Federal substance abuse funding administered by SAMHSA, without impairing the religious character of such organizations and without diminishing the religious freedom of SAMHSA beneficiaries (see 42 USC 300x-65 and 42 CFR Part 54 and Part 54a, 45 CFR Part 96, Charitable Choice Provisions and Regulations). Charitable Choice statutory provisions of the Public Health Service Act enacted by Congress in 2000 are applicable to the SAPT Block Grant program. No funds provided directly from SAMHSA or the relevant State or local government to organizations participating in applicable programs may be expended for inherently religious activities, such as worship, religious instruction, or proselytization. If an organization conducts such activities, it must offer them separately, in time or location, from the programs or services for which it receives funds directly from SAMHSA or the relevant State or local government under any applicable program, and participation must be voluntary for the program beneficiaries.

- VI. Notwithstanding paragraph 18 of the General Provisions of this Agreement P-37, an amendment limited to adjusting amounts within the budgets and within the price limitation, can be made by written agreement of both parties and may be made without obtaining approval of Governor and Executive Council.

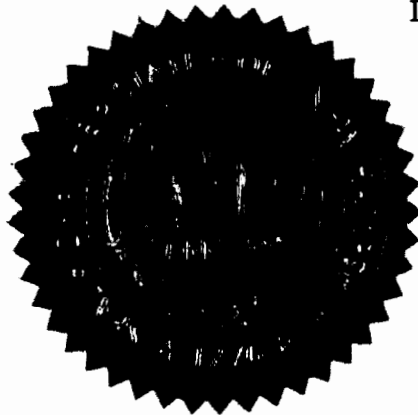
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State of New Hampshire

Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that TRI-COUNTY COMMUNITY ACTION PROGRAM, INC. (TRI-COUNTY CAP) is a New Hampshire nonprofit corporation formed May 18, 1965. 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 3rd day of April A.D. 2014

A handwritten signature in black ink, appearing to read "Wm. Gardner", written in a cursive style.

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE

I, Gary Coulombe, do hereby certify that:

(Name of the elected Officer of the Agency; cannot be contract signatory)

1. I am a duly elected Officer of Tri-County Community Action Program, Inc.

(Agency Name)

2. The following is a true copy of the resolution duly adopted at a meeting of the Board of Directors of

the Agency duly held on 2-25-2014:

(Date)

RESOLVED: That the Chief Executive Officer

(Title of Contract Signatory)

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

3. The forgoing resolutions have not been amended or revoked, and remain in full force and effect as of

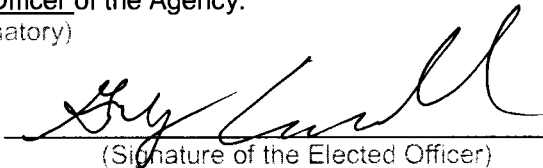
the 29th day of May, 2014.

(Date Contract Signed)

4. Michael Coughlin is the duly elected Chief Executive Officer of the Agency.

(Name of Contract Signatory)

(Title of Contract Signatory)


(Signature of the Elected Officer)

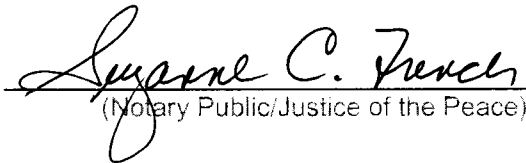
STATE OF NEW HAMPSHIRE

County of Coos

The forgoing instrument was acknowledged before me this 29th day of May, 2014.

By Gary Coulombe.

(Name of Elected Officer of the Agency)


(Notary Public/Justice of the Peace)

(NOTARY SEAL)

Commission Expires: June 19, 2018

SUZANNE C. FRENCH
Notary Public - New Hampshire
My Commission Expires June 19, 2018

Board Resolution: Resolution of the Corporation

That the Tri-County Community Action Program, Inc. Chief Executive Officer, Michael Coughlin is hereby authorized on behalf of this Corporation to enter into said contracts with the Federal Government, State of New Hampshire, and any other parties as deemed necessary and to execute any and all documents, agreements and other instruments and amendments, revisions or modifications thereto, as may be deemed necessary, desirable or appropriate for the Corporation; this authorization being in force and effective until September 30, 2014.

This resolution is made with the understanding that any major new undertakings or commitments will be preceded by Board approval.

Approved by the Board of Directors – 2-25-2014

Client#: 53575

TRICO2

ACORD

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
09/03/13

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Davis Towle Morrill & Everett 115 Airport Road P O Box 1260 Concord, NH 03302-1260		CONTACT NAME: PHONE (A/C, No, Ext): 603 225-6611 FAX (A/C, No): 603-225-7935 E-MAIL ADDRESS: ADDRESS:	
INSURED Tri County Community Action Program Inc 30 Exchange Street Berlin, NH 03570		INSURER(S) AFFORDING COVERAGE INSURER A: Philadelphia Insurance Co. INSURER B: MEMIC Indemnity Company INSURER C: INSURER D: INSURER E: INSURER F:	

COVERAGES		CERTIFICATE NUMBER:		REVISION NUMBER:		
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.						
INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PROJECT ☒ LOC		PHPK1051833	07/22/2013	07/22/2014	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$3,000,000 PRODUCTS - COM/PROP AGG \$3,000,000
A	AUTOMOBILE LIABILITY ☒ ANY AUTO ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☒ HIRED AUTOS ☒ NON-OWNED AUTOS		PHPK1051833	07/22/2013	07/22/2014	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	☒ UMBRELLA LIAB ☒ OCCUR EXCESS LIAB ☐ CLAIMS-MADE DED ☒ RETENTION \$10000		PHUB429043	07/22/2013	07/22/2014	EACH OCCURRENCE \$2,000,000 AGGREGATE \$2,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☐ Y ☒ N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	3102801186	07/01/2013	07/01/2014	☒ WC STATUTORY LIMITS ☐ OTHER E.L. EACH ACCIDENT \$500,000 E.L. DISEASE - EA EMPLOYEE \$500,000 E.L. DISEASE - POLICY LIMIT \$500,000

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

** Workers Comp Information **

Included states - NH

CERTIFICATE HOLDER

State of NH, Dept of Health &
Human Services

129 Pleasant St
Concord, NH 03301-3857

CANCELLATION

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

AUTHORIZED REPRESENTATIVE

John Towle

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***TRI-COUNTY COMMUNITY
ACTION PROGRAM, INC.***

AUDITED FINANCIAL STATEMENTS

***FOR THE YEARS ENDED
JUNE 30, 2013 AND 2012***

INDEX TO FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

Todd C. Fahey, Esq.
Court-Appointed Special Trustee and
The Board of Directors of
Tri-County Community Action Program, Inc.
Berlin, New Hampshire 03570

Report on the Financial Statements

We have audited the accompanying financial statements of Tri-County Community Action Program, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financials are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 statements.

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

Basis for Qualified Opinion

As more fully described in Note B to the financial statements, Tri-County Community Action Program, Inc. had not previously classified the difference between its assets and liabilities as unrestricted net assets, temporarily restricted net assets and permanently restricted net assets based on the existence or absence of donor-imposed restrictions. The effects on the financial statements of that departure from those accounting principles are not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Tri-County Community Action Program, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note P to the financial statements, the 2012 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedule of functional expenses (pages 26-29) and the schedule of expenditures of federal awards on (pages 30-35), as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2014, on our consideration of Tri-County Community Action Program, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Tri-County Community Action Program, Inc.'s internal control over financial reporting and compliance.

Sincerely,

Mason + Rich, P.A.

MASON + RICH PROFESSIONAL ASSOCIATION
Certified Public Accountants
Concord, New Hampshire

March 31, 2014

TRI-COUNTY COMMUNITY ACTION PROGRAM, INC

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2013 AND 2012

ASSETS		
	2013	2012
<i>CURRENT ASSETS</i>		
Cash	\$ 88,679	\$ -
Accounts Receivable	966,287	626,033
Inventories	65,023	99,759
Due From Insurance	41,353	-
Prepaid Expenses	16,052	-
Other Assets	1,320	-
<i>Total Current Assets</i>	<u>1,178,714</u>	<u>725,792</u>
<i>PROPERTY AND EQUIPMENT</i>		
Property, Plant and Equipment	10,937,228	10,585,785
Less: Accumulated Depreciation	<u>(3,954,459)</u>	<u>(3,410,650)</u>
<i>Net Property and Equipment</i>	<u>6,982,769</u>	<u>7,175,135</u>
<i>OTHER ASSETS</i>		
Restricted Cash	631,525	442,275
Other Assets	-	46,174
<i>Total Other Assets</i>	<u>631,525</u>	<u>488,449</u>
<i>TOTAL ASSETS</i>	<u>\$ 8,793,008</u>	<u>\$ 8,389,376</u>

(Continued on next page)

The Accompanying Notes are an Integral Part of These Financial Statements

TRI-COUNTY COMMUNITY ACTION PROGRAM, INC

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2013 AND 2012

LIABILITIES AND NET ASSETS

	2013	2012
<i>CURRENT LIABILITIES</i>		
Current Portion of Long-Term Debt	\$ 313,590	\$ 3,337,972
Current Portion of Lease Payable	35,874	30,067
Line of Credit	685,587	793,976
Bank Overdraft	-	8,046
Accounts Payable	1,245,898	1,001,434
Accrued Compensated Absences	260,353	406,689
Accrued Salaries	77,408	114,987
Accrued Expenses	117,657	14,753
Other Liabilities	467,840	630,759
<i>Total Current Liabilities</i>	<u>3,204,207</u>	<u>6,338,683</u>
<i>LONG-TERM LIABILITIES</i>		
Long-Term Debt, Net of Current Portion	4,602,933	930,918
Lease Payable, Net of Current Portion	5,410	39,603
Interest Rate Swap at Fair Value	82,650	114,433
<i>Total Long-Term Liabilities</i>	<u>4,690,993</u>	<u>1,084,954</u>
<i>TOTAL LIABILITIES</i>	<u>7,895,200</u>	<u>7,423,637</u>
<i>NET ASSETS</i>		
Unrestricted	(250,495)	(375,462)
Unrestricted - Board Designated	22,781	-
Temporarily Restricted	<u>1,125,522</u>	<u>1,341,201</u>
<i>TOTAL NET ASSETS</i>	<u>897,808</u>	<u>965,739</u>
<i>TOTAL LIABILITIES AND NET ASSETS</i>	<u>\$ 8,793,008</u>	<u>\$ 8,389,376</u>

TRI-COUNTY COMMUNITY ACTION PROGRAM, INC.STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	Unrestricted	Temporarily Restricted	Total
<i>SUPPORT AND REVENUES</i>			
Grants and Contracts	\$ 13,350,557	\$ 268,289	\$ 13,618,846
Program Funding	1,506,303	-	1,506,303
Utility Programs	1,590,891	-	1,590,891
In-Kind Contributions	695,449	-	695,449
Contributions	311,018	478,531	789,549
Fundraising	30,265	-	30,265
Rental Income	609,832	-	609,832
Interest Income	723	-	723
Gain (Loss) on Disposal	31,280	-	31,280
Other Revenue	142,317	-	142,317
<i>Total Support and Revenues</i>	<u>18,268,635</u>	<u>746,820</u>	<u>19,015,455</u>
<i>NET ASSETS RELEASED FROM RESTRICTION</i>			
Expiration of Program Restrictions	<u>962,499</u>	<u>(962,499)</u>	<u>-</u>
<i>OPERATING EXPENSES</i>			
Agency Fund	1,034,468	-	1,034,468
Headstart	2,521,533	-	2,521,533
Guardianship	757,207	-	757,207
Transportation	1,226,314	-	1,226,314
Volunteer	128,489	-	128,489
Workforce Development	459,244	-	459,244
AOD	1,361,031	-	1,361,031
Carroll County Dental	649,067	-	649,067
Carroll County Restorative Justice	189,210	-	189,210
Support Center	247,906	-	247,906
Homeless	550,703	-	550,703
Energy & Community Development	8,650,600	-	8,650,600
Elder	1,339,397	-	1,339,397
<i>Total Operating Expenses</i>	<u>19,115,169</u>	<u>-</u>	<u>19,115,169</u>
<i>CHANGES IN NET ASSETS FROM OPERATIONS</i>	<u>115,965</u>	<u>(215,679)</u>	<u>(99,714)</u>
<i>OTHER INCOME</i>			
Gain on Interest Rate Swap	<u>31,783</u>	<u>-</u>	<u>31,783</u>
<i>TOTAL CHANGES IN NET ASSETS</i>	<u>147,748</u>	<u>(215,679)</u>	<u>(67,931)</u>
<i>Net Assets, Beginning of Year</i>	<u>(375,462)</u>	<u>1,341,201</u>	<u>965,739</u>
<i>Net Assets, End of Year</i>	<u>\$ (227,714)</u>	<u>\$ 1,125,522</u>	<u>\$ 897,808</u>

(Continued on next page)

The Accompanying Notes are an Integral Part of These Financial Statements

TRI-COUNTY COMMUNITY ACTION PROGRAM, INC.**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Total
<i>SUPPORT AND REVENUES</i>			
Grants and Contracts	\$ 15,732,761	\$ 686,718	\$ 16,419,479
Program Funding	1,935,620	-	1,935,620
Utility Programs	671,725	-	671,725
In-Kind Contributions	411,442	-	411,442
Contributions, as restated	266,155	405,470	671,625
Fundraising	54,929	-	54,929
Rental Income	44,496	-	44,496
Interest Income	884	-	884
Gain (Loss) on Disposal	2,247	-	2,247
Other Revenue	212,551	-	212,551
<i>Total Support and Revenues</i>	<u>19,332,810</u>	<u>1,092,188</u>	<u>20,424,998</u>
<i>NET ASSETS RELEASED FROM RESTRICTION</i>			
Expiration of Program Restrictions	-	-	-
<i>OPERATING EXPENSES</i>			
Agency Fund	1,515,511	-	1,515,511
Headstart	2,522,460	-	2,522,460
Guardianship	814,151	-	814,151
Transportation	1,055,705	-	1,055,705
Volunteer	129,170	-	129,170
Workforce Development	534,984	-	534,984
AOD	1,545,026	-	1,545,026
Carroll County Dental	595,841	-	595,841
Carroll County Restorative Justice	261,197	-	261,197
Support Center	311,910	-	311,910
Homeless	908,177	-	908,177
Energy & Community Development	9,619,568	-	9,619,568
Elder	1,326,239	-	1,326,239
<i>Total Operating Expenses</i>	<u>21,139,939</u>	<u>-</u>	<u>21,139,939</u>
<i>CHANGES IN NET ASSETS FROM OPERATIONS</i>	(1,807,129)	1,092,188	(714,941)
<i>OTHER EXPENSES</i>			
Loss on Interest Rate Swap	44,620	-	44,620
<i>CHANGES IN NET ASSETS, AS RESTATED</i>	<u>(1,851,749)</u>	<u>1,092,188</u>	<u>(759,561)</u>
<i>Net Assets, Beginning of Year as Previously Reported</i>	2,235,260	-	2,235,260
<i>Prior Period Adjustment, see Note P</i>	<u>(758,973)</u>	<u>249,013</u>	<u>(509,960)</u>
<i>Net Assets, Beginning of Year, as Restated</i>	<u>1,476,287</u>	<u>249,013</u>	<u>1,725,300</u>
<i>Net Assets, End of Year</i>	<u>\$ (375,462)</u>	<u>\$ 1,341,201</u>	<u>\$ 965,739</u>

The Accompanying Notes are an Integral Part of These Financial Statements



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate
Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

G&C Approved

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

Date 6/5/13

Item # 102A

102A
50.6% Federal
47.4% General

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug and Alcohol Services, to exercise renewal options with vendors by increasing the price limitations by \$7,596,887 in aggregate from \$7,596,890 in aggregate to \$15,193,777 in aggregate for a continuum of substance abuse treatment services state-wide and extending the completion date from June 30, 2013 to June 30, 2014, effective July 1, 2013 or date of Governor and Council approval, whichever is later.

Summary of contracted amounts by vendor:

<u>Vendor</u>	<u>Amount</u>
Child and Family Services of New Hampshire	\$86,803
Concord Hospital, Inc.	\$74,406
Families First of the Greater Seacoast	\$28,922
Families in Transition	\$332,530
Greater Nashua Council on Alcoholism	\$1,356,945
Headrest, Inc.	\$251,450
Horizons Counseling Center, Inc.	\$189,576
Manchester Alcoholism Rehabilitation Center	\$1,120,599
The Mental Health Center of Greater Manchester, Inc.	\$27,114
Monadnock Family Services	\$97,819
Northern Human Services	\$199,025
Phoenix Houses of New England, Inc.	\$1,457,490
National Council on Alcoholism and Drug Dependence of Greater Manchester	\$432,468
Southeastern New Hampshire Alcohol and Drug Abuse Services	\$1,329,836
Tri-County Community Action Programs, Inc.	\$611,904
TOTAL	\$7,596,887

Funds to support this request are anticipated to be available in the following accounts in SFY 2014 upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts within the price limitation and amend the related terms of the contracts without further approval from Governor and Executive Council.

05-95-49-491510-2989 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, GOVERNOR COMMISSION FUNDS (100% General Funds)

05-95-49-491510-2990 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, CLINICAL SERVICES (34.4% General 65.6% Federal)

Please see attachment for financial details

EXPLANATION

The requested action seeks approval of 15 of 17 agreements that represent \$7,596,887 of the \$7,741,314 total anticipated to be spent state-wide to provide a continuum of substance abuse treatment services via the accounting codes listed. These services include community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children. This request seeks to exercise the renewal option that exists within each of the vendor contracts. The Department anticipates that the remaining two agreements will be presented to Governor and Executive Council on June 19, 2013.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, these contracts will continue to allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
Page 3 of 4

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

The vendors were originally selected for this agreement through a competitive bid process. This request covers services for the period July 1, 2013 to June 30, 2014, and anticipates exercising the option to renew for one additional year as provided all of the previous vendor contracts, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with the listed vendors in State Fiscal Year 2013 in the amount of \$7,741,314 in the aggregate. This agreement represents level funding of all vendors.

The following performance measures will be used to measure the effectiveness of the agreements:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for I intensive outpatient treatment services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
May 14, 2013
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Contractors, with the exception of those agencies that only offer outpatient services, are required to develop the capacity for group recovery support aftercare services for a minimum of 25% of the number treatment clients (including outpatient and transitional living program clients) they are under contract to serve. Group recovery support aftercare services are services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Recovery Support Services include, but are not limited to, guidance in financial management, parenting, vocational training, life management and spiritual counseling as well as transportation and child-care. These group recovery support services are for clients discharged from substance use disorder treatment services provided under contract with the Bureau of Drug and Alcohol Services on behalf of the Department, which may include clients that had received SUD treatment from the Contractor or a different agency. Contractors are only allowed to access these services for their clients or clients that had received substance use disorder treatment from a different agency through the statewide care coordination program under agreement with the Bureau of Drug and Alcohol Services on behalf of the Department.

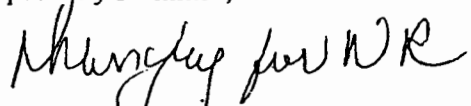
All treatment programs under contract with the Bureau of Drug and Alcohol Services on behalf of the Department are required to report on the National Outcome Measures (see attached) established by the Substance Abuse and Mental Health Services Administration, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the Electronic Health Record/Web Infrastructure Treatment System. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions. The Contractor is expected to meet or exceed these percentages as measured by the Electronic Health Record/Web Infrastructure Treatment System.

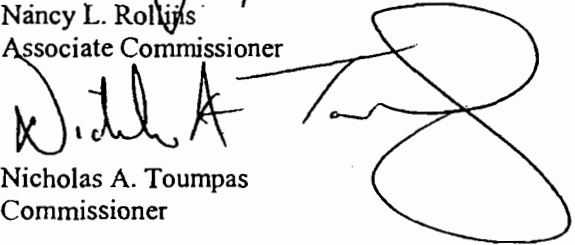
Area served: State-wide

Source of Funds: 52.6% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant and 47.4% General .

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

Respectfully submitted,


Nancy L. Rollins
Associate Commissioner

Approved by: 
Nicholas A. Toumpas
Commissioner



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate Commissioner

105 PLEASANT STREET, CONCORD, NH 03301

603-271-6100 1-800-804-0909

FAX: 603-271-6105 TDD Access: 1-800-735-2964

May 24, 2012

Approved by: G+C

Date: 6/20/12

Item No.: 102

Contract No.: 1024151

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug & Alcohol Services, to enter into an agreement with Tri-County Community Action Programs, Inc. (Vendor #177195), 30 Exchange Street, Berlin, NH 03570, to provide for a continuum of substance abuse treatment services, in an amount not to exceed \$611,907.00 to be effective July 1, 2012 or date of Governor and Council approval, whichever is later, through June 30, 2013. Funds are available in the following accounts for State Fiscal Year 2013:

05-95-95-958410-5365 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, ALCOHOL AND OTHER TREATMENT

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95846501	\$281,447.00
			Subtotal	\$281,447.00

05-95-95-958410-1388 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT AND PREVENTION, GOVERNOR

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95848501	\$137,281.00
			Subtotal	\$137,281.00

05-95-95-958410-1387 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, TREATMENT-PREVENTION-STATE

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95841387	\$193,179.00
			Subtotal	\$193,179.00
			Total	\$611,907.00

EXPLANATION

The purpose of this agreement is to provide a continuum of substance abuse treatment services such as community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children, statewide

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, this contract will allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

Tri County Community Action Programs, Inc., was selected for this agreement through a competitive bid process. A Request for Proposals was posted on the Department's web site on March 6, 2012 through April 2, 2012. In addition, a bidder's conference was held on March 12, 2012.

A total of 19 proposals were received. A review committee of three professionals reviewed each proposal. All reviewers have between three to twenty years experience managing agreements with vendors for various public health programs. Areas of specific expertise include: maternal and child health; substance abuse prevention and treatment; chronic and communicable diseases; and public health infrastructure. Eighteen of the proposals were selected for funding based on review criteria that included availability of funds, consistency with stated funding priorities, technical score, and equitable geographic distribution. The agency that was not selected did not meet the minimum scoring criteria established for funding. The Bid Summary is attached.

This request covers services for the period July 1, 2012 to June 30, 2013, with an option to renew for one additional year, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with this agency in State Fiscal Year 2012 in the amount of \$611,907.00. This agreement represents level funding.

The following performance measures will be used to measure the effectiveness of the agreement:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services (OP)
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services (IOP) – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for IOP services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

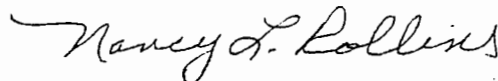
Area served: Statewide.

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
May 24, 2012
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Source of Funds: 46% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant, 50.85% General Funds and 3.15% Other (Highway) Funds.

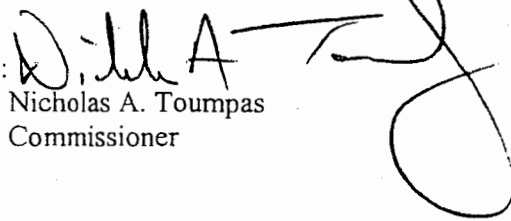
In the event that the Federal or Other Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner

NLR/df

MAX Pts	15	14.00	13.00	15.00	15.00	13.00	11.00	12.00	12.00	14.00	15.00	13.00	15.00	13.00	12.00	15.00	12.00	13.00	12.00	13.00	13.00	10.00
Experience and Capacity	50	42.00	46.00	48.00	48.00	47.00	39.00	41.00	42.00	46.00	40.00	43.00	48.00	48.00	42.00	48.00	48.00	38.00	42.00	42.00	27.00	27.00
Budget	25	24.00	35.00	25.00	24.00	23.00	18.00	23.00	22.00	18.00	25.00	19.00	24.00	22.00	22.00	22.00	22.00	23.00	23.00	23.00	16.00	16.00
Financial Sustainability	10	7.50	8.30	9.00	10.00	7.00	0.00	7.50	8.30	9.50	9.00	6.50	9.50	7.50	6.50	7.50	7.50	7.50	7.50	8.30	5.60	5.60
total	100	88.00	92.00	97.00	97.00	90.00	70.00	82.00	86.00	88.00	89.00	82.00	97.00	81.00	83.00	93.00	81.00	81.00	87.00	87.00	58.00	58.00

BUDGET REQUEST	\$120,286	\$35,000	\$27,207	\$406,796	\$2,221,666	\$47,050	\$116,428	\$1,750,112	\$245,000	\$245,963	\$30,000	\$153,454	\$244,501	\$2,615,553	\$813,951	\$1,329,836	\$87,567	\$747,691	\$910,630	\$0	\$0
TARGET AWARDED	\$86,803	\$74,406	\$28,023	\$328,530	\$1,120,598	\$39,238	\$69,411	\$1,356,945	\$251,450	\$189,576	\$17,114	\$97,819	\$199,025	\$1,457,400	\$432,468	\$1,379,836	\$75,013	\$611,907	\$750,000	\$0	\$0

Name	Job Title	Dept/Agency	Qualifications
1 Lyn Rourke	Sub. Use Disorders	Grantmaking/GC	Qualifications All reviewers have
2 Pamela Sullivan	Youth Counselor	SYDC	between 3-20 years
3 Heidi Young	Program Specialist	DCYF	experience managing
4 Bernice Bluhm	Prog. Planner/Rev. Spec.	Family Services	agreements with
5 Alan West, Ph.D.	Psychologist/VA	TX/Co-occurring	vendors for various
6 Mary Miller	Prog. Spec. IV	OCPH	DHHS and DOC
7 Michelle Riccio	Prog. Spec. IV	DPHS	programs. Areas of
8 Kathleen Hesselrodt	Internal Auditor I	BDAS/FBO	specific expertise
9 Lindy Keller	Administrator I	BDAS-RAD	include Maternal and
10 Michael Lawless	Prog. Spec. IV	BDAS/CSU	Child Health;
11 Bruce Blaney	Regional Coordinator	BDAS/CSU	Substance Abuse
12 Jim Shanefaris	Administrator I	BDAS-FBOU	
13 Linda Parker	Prog. Spec. IV	BDAS/CSU	
14 Rosemary Shannon	Administrator I	BDAS/CSU	
15 Rob O'Hannon	ATR Prog. Spec.	BDAS/ATR	
16 Janine Powers	Tx&Rec. Serv. Coord.	BDAS/ATR	
17 John Sweeney	Systems Dev.	BDAS/IT	
18 Michael Rodgers	Assistant Administrator	BDAS	
19 Jeffrey Metzger	Sr. Mngt. Analyst	BDAS/PSU	
20 Ann Crawford	Regional Coordinator	BDAS/PSU	
21 Valerie Morgan	Administrator I	BDAS/PSU	



State of New Hampshire
Department of Health and Human Services
**Amendment #2 to the Substance Use Disorder Treatment and Recovery Support Services
Contract**

This 2nd Amendment to the Substance Use Disorder Treatment and Recovery Support Services contract (hereinafter referred to as "Amendment 2") dated this 15th day of May 2014, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and The Youth Council (hereinafter referred to as "the Contractor"), a non-profit corporation with a place of business at 112 Pearl Street, Nashua, NH 03060.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on June 20, 2012, (item # 112) and amended by an agreement (Amendment #1 to the Contract) approved on June 19, 2013, (Item # 134), 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, the State may amend the Contract by written agreement of the parties; and;

WHEREAS, the parties agree to extend the current contract by one year.

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:

- 1) Amend Form P-37, Block 1.6 to read:
 - a) 05-95-49-491510-29890000-102-500734
 - b) 05-95-49-491510-29900000-102-500734
- 2) Amend Form P-37, Block 1.7 to read June 30, 2015.
- 3) Amend Form P-37, Block 1.8 to read \$225,039
- 4) Delete Exhibit A and replace with Exhibit A Amendment #2
- 5) Delete Exhibit B and replace with Exhibit B Amendment #2

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

5/28/14
Date

John Z. Rod
NAME
TITLE Director

The Youth Council

5/19/2014
Date

Erin Kelly Standa
NAME
TITLE

Acknowledgement:

State of NH, County of Hillsborough on 5/19/14, 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

Nicole Boyle, Notary
Name and Title of Notary or Justice of the Peace

NICOLE BOYLE, Notary Public
My Commission Expires January 27, 2015

Contractor Initials: SYH
Date: 5/19/14

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment and Recovery Support Services



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

OFFICE OF THE ATTORNEY GENERAL

6-2-14
Date

Rosemary Wiant
Name: Rosemary Wiant
Title: Assistant Attorney General

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:

Contractor Initials: [Signature]
Date: 5/19/14

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

Scope of Services

A. Population Served

Services are available to New Hampshire residents who meet diagnostic, financial, and other eligibility criteria for Department of Health and Human Services supported substance use disorder services as defined in Section C, Clients Eligible for Treatment Services.

B. The Contractor shall provide treatment services as identified below:

Service Table - An "X" denotes that the Contractor shall provide that service(s) to eligible individuals in accordance with all applicable laws, rules, and regulations and terms and conditions of this Agreement.

Required Services	Treatment Services
X	Outpatient Treatment (ASAM Level 1) - Substance abuse treatment services provided in individual and group counseling sessions in a non-residential setting. Clients may be enrolled in outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Outpatient Treatment (ASAM Level 1) – Pregnant & Parenting Women – Outpatient Treatment as identified above provided to pregnant & parenting women.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – A combination of individual and group substance abuse treatment services conducted in an outpatient setting for a minimum of 3 hours of direct client treatment services per day for a minimum of three days per week. Clients receiving less than this level of service should be enrolled in an outpatient program. Clients may be enrolled in intensive outpatient treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Intensive Outpatient Treatment (ASAM Level 2.1) – Pregnant & Parenting Women - Intensive Outpatient Treatment as identified above provided to pregnant & parenting women.
	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Residential substance abuse treatment services are designed to support individuals in the early stages of recovery that need this residential level of care and/or are homeless. The goal of these programs is to prepare clients to become self-sufficient in the community. Clients may be enrolled in low-intensity residential treatment and recovery support services simultaneously when clinically appropriate. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days. Residents typically work in the community and may pay a portion of their room and board.
	Low-Intensity Residential Treatment (ASAM Level 3.1, Formerly Transitional Living) – Pregnant Women - Low-Intensity Residential Treatment as identified above provided to

New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services



Exhibit A Amendment #2

	pregnant & parenting women.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Short-term residential substance abuse treatment designed to assist individuals who require a more intensive level of service in a structured setting and/or individuals that may be homeless. Admission is on a voluntary basis. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
	High-Intensity Residential – Adult (ASAM Level 3.5, Formerly: Residential – Treatment Adult) and Medium Intensity Residential – Adolescent (ASAM Level 3.5, Formerly: Residential – Treatment Adolescent) - Pregnant Women - High-Intensity Residential – Adult and Medium Intensity Residential – Adolescent as identified above provided to pregnant women.
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5) - Residential treatment services for pregnant and parenting women and their children. Continued service and transfer/discharge decisions are based on ASAM Criteria (October 2013). Clinical staff shall conduct a redetermination of ASAM level of care in response to any changes impacting level of risk on any ASAM dimension on an on-going basis and no less than every 30 days.
X	Recovery Support Services: Group or individual services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Examples of recovery support services include, but are not limited to: assisting clients with enrollment in Medicaid, the New Hampshire Health Protection Program (NHHP), or private insurance, anger management, financial management, communication skills, spiritual support, parenting skills, health management, case management, organization and time management, recovery coaching, recovery mentoring, stress management, and vocational services. Programs may focus on a single recovery support service or provide a curriculum that includes an array of recovery support services. Types of Recovery Support Services are listed below:
X	Continuous recovery monitoring services are regular follow-ups with clients to assess the status of the client's recovery, identify any needs the client may have and help the client to address those needs, and provide early intervention for client's who have relapsed or who's recovery is otherwise at risk.
	Enhanced Services are specialized services that remove barriers to a client's participation in treatment. Examples of these services are child care while a parent is participating in treatment or transportation to and/or from the treatment site.
X	Recovery Support Services as identified above provided to pregnant & parenting women.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

C. Required Services

Priority Admission:

- 1) The Contractor shall give admission preference to pregnant women and women with dependent children, even if the children are not in their custody, as long as parental rights have not been terminated, including the provision of interim services within the required 48 hour time frame.
- 2) Individuals with a history of injection drug use including the provision of interim services within 14 days.
- 3) Individuals with a primary diagnosis of a substance use disorder, which may also include a co-occurring mental health disorder.
- 4) Individuals on medication-assisted treatment for co-occurring substance abuse and mental health disorders or various opiate replacement therapies, including, but not limited to, methadone, buprenorphine and naltrexone.

Required Outreach:

New Hampshire Department of Health & Human Services (DHHS) programs receiving federal treatment Block Grant funds requires that Contractors must publicize services available to pregnant or parenting women and injection drug users in need of substance abuse treatment and that these individuals receive preference for admission to treatment. This may be done as follows, but is not limited to, street outreach programs, ongoing public service announcements (radio/television), regular advertisements in local/regional print media, posters placed in targeted areas, and frequent notification of availability of such treatment distributed to the network of community based organizations, health care providers and social service agencies. The Contractor will submit their outreach plans to DHHS through the Bureau of Drug and Alcohol Services (BDAS) within 60 days of contract effective date.

Health Facilities Administration Licensing Requirements:

Housing programs with substance abuse treatment services at the same location will need to secure necessary licensing as a Residential Rehabilitation Facility by the DHHS Bureau of Health Facilities Administration, as appropriate, see He-P 807 at the following link: (http://www.gencourt.state.nh.us/rules/state_agencies/he-p800.html). Any contractor with an American Society of Addiction Medicine (ASAM) (October 2013) Level 3.3 or higher level program must secure this licensing for all Level 3 programs housed within the same facility as the Level 3.3 program. In the case of residential treatment and housing at the same site, residential programs should plan to treat no more than 16 pregnant or parenting women at any given time to comply with federal Medicaid restrictions on Institute for Mental Diseases (IMD) exclusion criteria. This restriction would not apply to programs in which the client's residence is in a separate location from the treatment program.

Capacity Reporting:

The Contractor must contact BDAS, as agent for DHHS, when their capacity has reached 90% within 5 business days. The Contractor must refer pregnant women to the State when the Contractor has insufficient capacity to provide services to any such pregnant women who seek the services of the program. Sending e-mail to the BDAS Clinical Services Unit Administrator may complete this notification process.

**New Hampshire Department of Health and Human Services
Substance Use Disorder Treatment Services**



Exhibit A Amendment #2

Access to Services:

The Contractor shall respond to calls requesting treatment and/or transitional living program services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within 2 business days following the day the call was received.

The Contractor is required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.

Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client should be referred to a DHHS funded provider where they are able to access interim services.

Contractors receiving grant funds from DHHS will not discriminate against clients who are using legitimate medications to assist their recovery and will not have policies that allow them to refuse admission to treatment or to discharge clients from treatment based on the use of appropriately prescribed medications and various opiate replacement therapies, including, but not limited to, methadone and buprenorphine, as well as other forms of medication-assisted treatment for co-occurring substance abuse and mental health disorders.

Clients Eligible for Treatment Services:

In order to be eligible for DHHS supported services, a client must meet all eligibility criteria described below. Eligibility determination shall be conducted as follows:

1. Substance Use Disorder, Financial Eligibility & Residency Screening: The contractor shall complete the eligibility screening module in the Web Information Technology System (WITS) to determine if the client meets residency, financial, and substance use disorder potential eligibility requirements:
 - a. Residency: The client must be a resident of New Hampshire or homeless in New Hampshire to be eligible for DHHS supported services; and
 - b. Financial Eligibility: The client's income must be below 400% of Federal Poverty Level (FPL) to be eligible for DHHS supported services based on the sliding fee scale described below. Once the screening has been completed, the contractor shall print the associated attestation and have the client sign this document. A copy of the signed attestation shall be maintained in the client file. The client's financial eligibility shall be reassessed no less than every 120 days.; and
 - c. Potential for a Substance Use Disorder: The client must screen positive for a potential substance use disorder to be eligible for DHHS funded services.
2. Evaluation: The contractor shall conduct a full substance abuse evaluation, which includes administration of either the Addiction Severity Index (ASI) in WITS or Global Appraisal of Individual Needs (GAIN).
 - a. Substance Use Disorder: This evaluation shall be used to determine if the client meets Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM5) criteria for a substance use disorder. Clients who meet DSM5 criteria for a substance use disorder are eligible for DHHS funded services. Client who do not meet these criteria are not eligible for DHHS funded services.



Exhibit A Amendment #2

- b. Level of Care: For clients who have met all other eligibility requirements, this evaluation shall be used to determine the appropriate level of care for the client based on ASAM (October 2013) criteria. The client is eligible for DHHS funded services at the assessed level of care unless such a level of care is unavailable or the client chooses to enter a lower level of care. If the assessed level of care is unavailable, the client may choose to enter the next higher level of care.
3. Medicaid/NHHPP Eligibility: The contractor shall determine whether or not the client is eligible for Medicaid/NHHPP coverage for the identified level of care. If the client is not eligible for Medicaid/NHHPP coverage for the identified level of care, the client may be eligible for DHHS funded services. If the client is eligible for Medicaid/NHHPP coverage for the identified level of care, the client is not eligible for DHHS funded services.
4. Insurance Coverage: The contractor shall determine whether or not the client has insurance that will cover services at the identified level of care. If the client does not have insurance that will reimburse for these services at a rate equal to or greater than the DHHS rate, the client is eligible for DHHS funded services. If the client has insurance that will reimburse for these services at an amount equal or greater to the DHHS reimbursement rate, the client is not eligible for DHHS funded services. The contractor may not charge the combination of the client, any 3rd party payor, and DHHS more than the maximum charge allowed. These parties shall be charged in the following order:
 - a. The maximum allowed charge will be billed to the client's insurer, if applicable.
 - b. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
 - c. The balance of the maximum allowed charge after deducting the client's portion and the insurance payment, if applicable, shall be charged to DHHS.

Sliding Fee Scale:

The contractor shall not charge the combination of the client, any 3rd party payor and BDAS an amount greater than the maximum rate allowed for each service. All reasonable efforts shall be made to collect payment of bills. A client's inability to pay shall not preclude admission to the program and treatment.

- Client Income is 0% - 138% of FPL: 100% of the allowed charge less any amount paid for by insurance.
- Client Income is 139% - 149% of FPL: 92% of the allowed charge less any amount paid for by insurance.
- Client Income is 150% - 199% of FPL: 88% of the allowed charge less any amount paid for by insurance.
- Client Income is 200% - 249% of FPL: 75% of the allowed charge less any amount paid for by insurance.
- Client Income is 250% - 299% of FPL: 60% of the allowed charge less any amount paid for by insurance.
- Client Income is 300% - 349% of FPL: 43% of the allowed charge less any amount paid for by insurance.
- Client Income is 350% - 399% of FPL: 33% of the allowed charge less any amount paid for by insurance.

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With respect to minority age individuals, a minor child shall not be denied services as a result of the parent's unwillingness to pay the fee or the minor child's decision to receive confidential services pursuant to RSA 318-B:12-a.

Waiting List Management:

When a person who is pregnant or an injection substance abuser seeks treatment and there are no appropriate treatment services available within the required time frame as outlined below, interim services **must** be made available. The Contractor agrees to maintain the wait list management system in WITS that includes a unique patient identifier and include information on dates of requests for admission to treatment, provision of interim services and source for those services, referrals made for treatment or interim services, and disposition of clients on the waiting list.

- The waiting list must contain a mechanism that identifies and counts the number of applicants who present and are determined to be appropriate for substance abuse treatment but are unable to be placed as there is no capacity;
- Maintain contact with individuals awaiting admission; and,
- Admit or transfer waiting list clients at the earliest possible time to an appropriate treatment program within a reasonable geographic area.

The Contractor shall remove a client awaiting treatment from the waiting list only when one of the following conditions exists:

- Such persons cannot be located for admission into treatment *or*
- Such persons refuse treatment.

Specific Interim Services for Pregnant Women, Women with Dependent Children and Injection Drug Users:

The Contractor agrees to contact the BDAS Clinical Services Unit if a pregnant women and women with dependent children or individuals with a history of injection drug use, cannot be accepted into treatment within specific time frames, and agrees that interim services will be provided or facilitated by the Contractor. Interim services for pregnant women must include counseling on the effects of alcohol and drug use on the fetus, referrals for prenatal care, and counseling and education about HIV and tuberculosis. Interim services for injection drug users must also include counseling and education in the risks of needle sharing, about the risks of transmission to sexual partners and infants, and referral for HIV, Hepatitis C and tuberculosis screening/testing. All interim services shall be documented in the client's clinical record in the WITS system.

Interim Services for other Clients:

The Contractor shall provide, or refer the client to, interim services until level of service identified in the level of care assessment is available and/or the client is willing and assessed as being sufficiently motivated to take advantage of the proposed level of service or interim services. If the client is not able to access interim services at the contractor's agency for geographic or other reasons, the client shall be referred to a DHHS funded provider where they are able to access interim services.

Services to pregnant and parenting women:

The Contractor further agrees that childcare will be made available to women who are in treatment with their dependent children, either through on-site care or through arrangements with an off-site legal childcare provider. Other services required are as follows:

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- The family is treated as a unit and, therefore, admits both women and their children into treatment services, if appropriate.
- The Contractor shall provide or arrange for primary medical care for women who are receiving substance abuse services, including prenatal care.
- The Contractor shall provide or arrange for childcare while the women are receiving services even if the children are not in their custody, as long as parental rights have not been terminated.
- The Contractor shall provide or arrange for primary pediatric care for the women's children, including immunizations.
- The Contractor shall provide or arrange for gender-specific substance abuse treatment and other therapeutic interventions for women that may address issues of relationships, sexual abuse, physical abuse, and parenting, and childcare while the women are receiving these services.
- The Contractor shall provide or arrange for therapeutic interventions for children in custody of women in treatment, which may, among other things, address the children's developmental needs, their issues of sexual and physical abuse, and neglect.
- The Contractor shall provide or arrange for sufficient case management and transportation services to ensure that the women and their children have access to the services provided for above.
- If a pregnant, pregnant injection drug using or Injection Drug Using person refuses treatment or says (s)he is not interested in treatment, the wait list report shall be completed with the engagement activities attempted.
- If a pregnant, pregnant injection drug using or Injection Drug Using person no shows or cancels treatment, interim services must be provided, as stipulated above and the wait list report shall be completed that demonstrates the activities of follow up, engagement and substance abuse treatment services offered.

Relationship(s) with Primary Health Care:

The Contractor shall arrange and coordinate services and exchange of information with other health care providers and agencies which:

- Identifies the client's current Primary Care Provider (PCP) at screening and/or intake.
- If the client has no current PCP, the Contractor shall identify available provider(s) in the client's local area such as a federally qualified community health center, community health center, or other local health services.
- Obtains client/patient authorization to communicate with PCP office.
- If no authorization is completed initially, the Contractor shall educate client as to the importance of engaging the PCP in ongoing care and address the client's concerns as part of treatment, with goal of obtaining authorization before discharge.
- Sends the discharge summary to PCP and offers to discuss recovery issues with the provider.
- Arranges (or has the client arrange) a post-discharge appointment with PCP for the client/patient for follow-up of the substance use disorder.

Tobacco Cessation:

The Contractor shall have policies and procedures for both client and Contractor staff, that not only creates a tobacco-free environment as required by law, but to offer tobacco cessation tools and programming. Tobacco use, in and of itself, shall not be grounds for administrative discharge from the program. Initially, all clients shall be assessed for motivation in stopping the use of tobacco products. Providers may tap into resources such as the DPHS Tobacco Prevention & Control Program (TPCP) and

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the certified tobacco cessation counselors available through the QuitLine. Other resources for providers include:

Breathe New Hampshire
145 Hollis St., Unit C
Manchester, NH 03101
603-669-2411 (phone) or 1-800-835-8647

The New Hampshire Medicaid program covers:

- Nicotine Replacement Therapy (NRT) Gum,
 - NRT Patch,
 - NRT Nasal Spray,
 - NRT Lozenge,
 - NRT Inhaler,
 - Varenicline (Chantix),
 - Bupropion (Zyban),
 - Group Counseling and/or
 - Individual Counseling. Up to 12 individual counseling sessions are covered per year through a mental health provider (Note: These sessions would NOT be in addition to other mental health counseling sessions under Medicaid). Pregnant women also have the option of group counseling.
- For more information, visit the website at:
<http://www.dhhs.state.nh.us/DHHS/MEDICAIDPROGRAM/default.htm>

Tuberculosis:

The Contractor shall make available tuberculosis services (defined as screening, counseling, testing, and treatment) directly, or through other providers, to each client receiving treatment. In the case of an individual denied admission due to lack of capacity, the substance abuse treatment Contractor will refer the individual to another provider of tuberculosis services if appropriate. All Contractor providing residential services shall make available, either on-site or through agreements with health care providers, tuberculosis services, including screening, testing, counseling and referral for medical treatment.

Physical location and facilities:

For the purpose of providing the services described in Section II of the Scope of Services, the Contractor shall obtain and maintain a suitable space complying with all fire, health, and safety codes to include handicapped accessibility and being wheelchair accessible.

The Contractor shall obtain written prior approval of DHHS, acting through BDAS, before entering into any agreement concerning relocation of the service site.

Culturally and Linguistically Appropriate Standards of Care:

DHHS recognizes that culture and language have considerable impact on how consumers access services. Culturally and linguistically diverse populations experience barriers in efforts to access services. To ensure equal access to quality services, DHHS expects that Contractors shall provide culturally and linguistically appropriate services according to the following guidelines:

1. Assess the ethnic/cultural needs, resources and assets of their community.
2. Promote the knowledge and skills necessary for staff to work effectively with consumers with respect to their culturally and linguistically diverse environment.



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3. When feasible and appropriate, provide clients of Limited English Proficiency (LEP) with interpretation services. Persons of LEP are defined as those who do not speak English as their primary language and whose skills in listening to, speaking, or reading English are such that they are unable to adequately understand and participate in the care or in the services provided to them without language assistance.
4. The Contractor is responsible for reasonable accommodations in arranging for interpreter services for hearing impaired clients.
5. The Contractor offers consumers or clients a forum through which those individuals have the opportunity to provide feedback to the Contractor regarding cultural and linguistic issues that may deserve response.

Compliance with State and Federal Laws:

The Contractor is responsible for compliance with all relevant state and federal laws. Special attention is called to the following statutory responsibilities:

1. All services provided pursuant to this Contract shall be subject to the most current proposed or formalized rules and regulations promulgated by DHHS, pursuant to RSA 541-A.
2. The Contractor shall maintain adherence to federal and state confidentiality laws specifically: 42 CFR Part 2B, N.H. RSA 318 B:12 and N.H. RSA 172:8-A and the Health Insurance Portability and Accountability Act (HIPAA): <http://www.hhs.gov/ocr/privacy/>
3. The Contractor shall meet the standards outlined in NH Administrative Rule He-A 300, Certification and Operation of Alcohol and other Drug Disorder Treatment Programs. This administrative rule is currently expired and under revision. The Contractor should plan to meet the requirements as outlined in the expired rule until the revisions are completed. He-A 300 can be viewed on the RFP link to this document <http://www.dhhs.nh.gov/business/rfp/index.htm>.
4. The Contractor shall, upon the direction of the State, provide court-ordered evaluation in their catchment area and a sliding scale fee shall apply and the inability to pay shall not interfere with the completion and submission of the court-ordered evaluation and shall, upon the direction of the State, offer treatment to those individuals pursuant to RSA 172:13.
5. Contractors considering research, including research conducted by student interns, using individuals served by this contract as subjects must adhere to the legal requirements governing human subjects' research. Contractors must inform the DHHS via contact with BDAS prior to initiating any research involving subjects or participants related to this contract. In addition, research conducted on subjects served by this contract may need to be approved by the New Hampshire Department of Health & Human Services Committee for the Protection of Human Subjects (NH DHHS CPHS) see <http://www.dhhs.nh.gov/irb/>

Client Stabilization:

The Contractor will be expected to arrange for medical clearance for all clients receiving treatment services supported by DHHS administered by BDAS to assure that they are not at risk for acute withdrawal from alcohol and certain drugs. The Contractor shall be expected to provide a range of integrated services that include withdrawal management services that follow detoxification guidelines outlined in Treatment Improvement Protocol (TIP) #45, Detoxification and Substance Abuse Treatment and ASAM guidelines.

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Clinical Services:

The Contractor shall provide the following:

- a. A minimum of one (1) substance abuse counselor on site each day of the week during primary treatment hours. The substance abuse counselor shall have a bachelor's degree or equivalent in social work/psychology, guidance or nursing and/or a certificate in the field of addiction studies from an approved educational institution or educational/life experience.
- b. A minimum of one (1) substance abuse support staff on site each day of the week during all hours not covered by a substance abuse counselor. The substance abuse support staff must have a high school or General Equivalency Diploma (GED). Preference is given to individuals who have completed additional courses or taken training in substance use disorders or other health fields.
- c. An intake/admission coordinator on site Monday through Friday of each week. The intake/admission coordinator shall have one (1) years' work experience in the field of addiction studies.
- d. A full-time Executive Director, not filling any of the positions described above.

Evaluation:

The contractor shall conduct a full substance abuse evaluation, which includes administration of either the ASI or GAIN to determine eligibility for services. This evaluation must be updated every 120 days or when the client transitions to a different level of care.

Assessment of Risk for Self-Harm/Suicide: The Contractor shall have policies and practices for assessing risk of self-harm at all phases of treatment, such as at initial contact, during screening, intake, admission, on-going treatment services and at discharge, and a process for referral when necessary to include referrals to mental health services.

The Contractor shall develop policies, programs and protocols in accordance with SAMHSA guidelines as outlined in the Treatment Improvement Protocols (TIPs) and Technical Assistance Publications (TAPs). These publications can be downloaded from <http://www.kap.samhsa.gov/products/manuals/index.htm>.

Use of Best Practices: The Contractor is required to use the Addiction Severity Index (ASI) or Global Appraisal of Individual Needs (GAIN) assessment tools, the SAMHSA/NIDA MATRS treatment-planning model and the WITS electronic case management system.

Care Coordination:

The Contractor is required to assess each client's need/appropriateness for residential transitional living services and to refer all clients for care coordination services made available through the Access to Recovery (ATR) initiative administered by the BDAS so long as this initiative remains available on behalf of DHHS that would commence following the initial course of treatment. Contractors are required to address motivational issues with clients for them to participate effectively in the care coordination and recovery support services. Contractors are required to have clients sign the "ATR Client Participation Agreement" (made available by BDAS), indicating that they either agree or opt out of participating in these services. The contractor will facilitate all clients who agree to participate in these services to complete the Client Participation Agreement and upon obtaining a signed release of information, refer clients to an ATR Care Coordinator Program at least two weeks prior to anticipated date of discharge (dis-enrollment) from services. Assessing the need for aftercare services is expected to take place while

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the client is involved within the most recent episode of care, with a referral being made and accepted by the care coordination service prior to the client being discharged.

The Contractor must provide the following for use by the care coordination program:

- Private space for interviewing/meeting with clients.
- Access to internet (either wired or wireless) in the meeting space
- Telephone in the meeting space and
- A contact person at the Contractor's site for logistics.

It is the expectation of the BDAS at DHHS that, upon completion of appropriate signed releases, the Contractor will provide the care coordination program with necessary information from the clinical record (evaluation, treatment plan, progress notes, etc.) for the care coordination program to develop a service plan with the client.

All alcohol and other drug treatment providers under contract with the BDAS on behalf of DHHS are required to address with all clients, the need for continuing services. This includes clinically managed low-intensity treatment programs under contract with the BDAS on behalf of DHHS as well as care coordination and recovery support services made available through DHHS contracted providers; the ATR initiative administered by BDAS, so long as this initiative remains available; and/or any other resources that become available to pay for these services that would commence following the initial course of treatment. The referral for these services should take place prior to discharge from the initial course of treatment.

Relevant Policies and Guidelines:

The services provided for in this agreement shall be in addition to the services provided for in any other agreement between the State of New Hampshire, any of its agencies, or any of its officers, and the Contractor.

Without limiting the generality of any other provisions of this agreement, the Contractor shall cooperate fully with, and answer all questions of representatives of the State conducting any periodic or special review of the performance of the Contractor or any inspection of the facilities of the Contractor.

Publications Funded Under Contract:

All products produced under this contract are in the public domain. All products (written, video, audio) produced, reproduced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution, or use. The Contract shall credit DHHS on all materials produced under this contract.

Student Internships:

The Contractor shall establish policies and procedures related to student interns that address minimum coursework, experience and core competencies for those interns having direct contact with individuals served by this contract. Student interns shall complete an approved ethics course prior to beginning the internship.

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Staff Licensing Requirements:

The ratio of licensed to non-licensed service providers shall be as follows:

Agencies must have at least one Licensed, or Masters Licensed, Alcohol and Drug Counselor (LADC/MLADC) for each two unlicensed counselors providing substance abuse treatment services and a sufficient number of MLADCs or LADCs with the Licensed Clinical Supervision (LCS) credential to adequately provide for clinical supervision of all clinical staff. This requirement shall be met by the Contractor no later than six (6) months after the date of the Contract effective date.

Updated resumes, which clearly indicate the staff member is employed by the Contractor, including current positions of staff supported by funds provided through this Contract, shall be forwarded to the BDAS as agent for DHHS. The documentation shall include a copy of the New Hampshire Alcohol and Drug Counselor License.

Staff Certification Requirements:

In addition to the requirements for LADCs, all Contractor milieu staff in residential settings and transitional living programs and staff providing recovery support aftercare group services shall be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification under RSA 330-C (<http://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XXX-330-C.htm>). Certification must be completed within six (6) months of the contract's approval date.

Staff providing recovery support services are expected to be Certified Recovery Support Workers (CRSW) under the Board of Alcohol and Drug Abuse Professional Practice, or working toward that certification. Peer recovery support services made available through Recovery Community Organizations (RCOs), under agreement with BDAS on behalf of DHHS, shall be provided by individuals certified by those organizations (CRSW not required for peer recovery support services).

Supervision:

Ongoing clinical supervision will include weekly discussion of cases with suggestions for resources or therapeutic approaches, co-therapy, and periodic assessment of progress. When enough candidates are under supervision, group supervision may be included to help optimize the learning experience.

The content of supervision must include knowledge, skills, values, and ethics with specific application to the practice issues faced by the supervisee, including the core functions as described in the Twelve Core Functions of Alcohol and Drug Counseling.

The content of supervision must also include the standards of practice and ethical conduct, with particular emphasis given to the counselor's role and appropriate responsibilities, professional boundaries, and power dynamics.

Staffing Changes:

BDAS as agent for DHHS shall be notified of changes in key personnel with updated resumes that clearly indicate the staff member is employed by the Contractor submitted within five (5) working days. Key personnel are those staff for whom at least 10% of their work time is spent providing alcohol or other drug abuse treatment services.

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1. New Hires: The Contractor shall notify BDAS on behalf of DHHS in writing within one month of hire when a new administrator or coordinator or any staff person essential to carrying out this scope of services is hired to work in the program. A resume of the employee, which clearly indicates the staff member is employed by the Contractor, shall accompany this notification.

2. Vacancies: The Contractor shall notify BDAS on behalf of DHHS in writing within 14 calendar days, if at any time, any site funded under this agreement does not have adequate staffing to perform all required services for more than one month.

Other Requirements:

The Contractor shall attend trainings and/or meetings as requested by DHHS.

ATR and Recovery Support Services:

All DHHS funded treatment and recovery support service providers must also be approved Access to Recovery (ATR) providers, so long as the ATR initiative remains available, as this will be the source of funding for these recovery support services through the Voucher Management System (VMS). Information on becoming an ATR provider can be found on the DHHS website: <http://www.dhhs.nh.gov/dcbcs/bdas/atr/becomingprovider.htm>

Regional Network Participation:

The Contractor will designate administrative level staff to regularly participate in the Regional Network and contribute to overall regional network strategic planning, monitoring, evaluation, and cross systems communication efforts. The Contractor is highly encouraged to serve on one of the work groups and contribute to data collection, regional strategic planning and evaluation. Participation will be measured by the annual Partner Survey (<http://www.partnertool.net/>) administered by NH Center for Excellence under contract with BDAS as agent for DHHS.

Performance Measures:

All treatment programs under contract with BDAS on behalf of DHHS are required to report on the National Outcome Measures (NOMs) established by the SAMHSA, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the WITS (electronic case management) system. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions.

Data and Reporting Requirements:

1. Without limiting the generality of any other provisions of this agreement, the Contractor shall provide any periodic or special reports required by the DHHS.
2. The Contractor shall notify BDAS, as an authorized agent of DHHS, whenever the Contractor has reached ninety percent capacity to admit new clients. In addition the Contractor shall have a waiting list management policy in accordance with the SAPT Block Grant requirements. This 90% notification process will become automatic when this operation is fully functional in WITS.
3. The Contractor shall notify DHHS through BDAS, within one working day, if sufficient capacity is not available to provide treatment services to a pregnant woman, parenting woman or injection drug user within the required time frames and a referral elsewhere is not successful and interim services cannot be provided.

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4. The Contractor shall comply with all research and/or information systems development activities for the electronic case management/Web Information Technology System (CM/WITS) conducted by, or authorized by, DHHS.
5. The Contractor shall administer any client surveys, client evaluations including the addiction Severity Index (ASI) or the Global Appraisal of Individual Needs (GAIN), client treatment outcome instruments, the M.A.T.R.S. Treatment Planning Tool, as required by DHHS.
6. The Contractor must have the ability to communicate and submit required reports via the Web-based submission system and/or e-mail, for treatment and recovery support services and interim services. All required clinical and documentation activities shall be entered in WITS unless specifically granted an exception by BDAS on behalf of DHHS.

Critical Incident/Sentinel Event Reporting:

The Department's Sentinel Event policy is contained in the following link:
<http://www.dhhs.nh.gov/dcbcs/sentinel.htm>

Division of Community Based Care Services (DCBCS) Sentinel Event Notification:

The preceding events require the immediate verbal notification to the BDAS Assistant Administrator or Clinical Services Unit Administrator upon the discovery of a sentinel event involving an individual(s) receiving services through a DHHS substance use disorder treatment Contractor.

Since the initial and immediate verbal notification of a sentinel event is likely to include protected health information (PHI) as identified below, the Contractor of services to individuals receiving services funded by the DHHS shall disclose PHI in a private and secure manner. Contractors and vendors should not leave voice-mail messages, but instead make direct telephone contact with the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee. If direct telephone contact is not possible, a voice mail message may be left without protected health information, such as medications and relevant medical and psychiatric diagnoses. As soon as possible after the initial verbal notification, the Contractor will mail or fax a completed *Sentinel Event Reporting Form* as directed in this protocol.

Notification shall include the following:

1. Name and phone number of the individual reporting.
2. Name, date of birth (DOB), medications and all relevant medical and psychiatric diagnoses of individual(s) involved;
3. Location, date, and time of event;
4. Description of the event including what, when, where, how, and other relevant information and identification of any other individuals involved;
5. Legal status of the individual involved with regard to guardianship and power of attorney;
6. Community, guardian, family and/or families' knowledge of the event; and
7. Contractor contact person and contact information.

It shall be the responsibility of the BDAS Assistant Administrator or Clinical Services Unit Administrator or designee to notify the DCBCS Quality Improvement Director by e-mail as soon as the BDAS Clinical Administrator or designee becomes aware a Sentinel Event has occurred. The DCBCS Quality Improvement Director shall make immediate notification to the Commissioner. Internal e-mails within the Department may contain PHI and all Department employees will utilize safeguards to ensure the privacy

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of the PHI as stated in the DHHS General Manual Health Insurance Portability and Accountability Act (HIPAA) policy #504.

Each DCBCS contractor recognizes its responsibility to report evidence of neglect, abuse or exploitation to the appropriate regulatory agencies as required by RSA 161-F: 42-57 and RSA 169-C:29. In any case of known or suspected neglect, abuse or exploitation, the Contractor aware of the situation shall follow all applicable rules relative to individual rights protection procedures.

Written follow up information is to be forwarded by the reporting Contractor to the appropriate BDAS Administrator listed below within 72 hours by completing the *Sentinel Event Reporting Form*. To protect clients' confidential information, reporting Contractors should submit the *Sentinel Event Reporting Form* either by fax to the BDAS Assistant Administrator or the BDAS Clinical Services Unit Administrator by a mail service that provides delivery confirmation.

Bureau of Drug and Alcohol Services

Assistant Administrator

105 Pleasant Street

Concord, NH 03301

Or by fax to the BDAS Administrator's Office at 271-6105;

Follow-up information is the responsibility of the Contractor and should be submitted in a way as to protect clients' confidential information such as by mail with delivery confirmation and should include:

1. The *Sentinel Event Reporting Form*(www.dhhs.nh.gov/dcbcs/documents/sentinelform.pdf);
2. Additional details as they are learned or if the status of the situation changes; and,
3. Copies of newspaper articles.

Additionally, DHHS requires critical incident reporting. The Contractor shall report all critical incidents/sentinel events to the BDAS Clinical Services Unit Administrator immediately via telephone. Every effort shall be made to reach the BDAS administrator directly. If a voice message is necessary, sufficient provider contact information shall be provided so that DHHS is able to reach the reporter, or other responsible staff, immediately.

A critical incident includes, but is not limited to, any child or adult protective services report to the Division of Children, Youth and Families (DCYF), or the Bureau of Elderly and Adult Services (BEAS), respectively, regarding any incident involving 1) a staff/employee to youth or client, 2) youth to youth, or 3) client to client. This includes incidents that occur while a client is on leave, or on a pass, from the Contractor and may be off site at the time the incident occurred.

A sentinel event is an unexpected occurrence involving the death or serious physical or psychological injury, or risk thereof, signaling the need for immediate investigation and response.

Death or any serious injury or medical emergency regarding staff or clients that requires emergency medical attention (EMT or other emergency personnel at the Contractor's site, or a hospital emergency room visit), or any crime reportable to law enforcement, or any other serious incident must also be reported to DHHS as described below.



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Reportable sentinel events include, but are not limited to, any occurrence that meets any of the following criteria:

1. An unanticipated death or permanent loss of function, not related to the natural course of an individual's illness or underlying condition.
2. Homicide or suicide of any individual receiving DHHS funded care, treatment or services, that had been discharged from a Department funded program or facility within 30 days of the event, or has been evaluated by a service Contractor within the preceding 30 days;
3. Sexual assault or rape of any individual receiving DHHS funded care, treatment or services by another client or employee of any Department funded program or facility where there is an act that was witnessed or there is sufficient clinical evidence obtained by the Contractor to support allegation of nonconsensual sexual contact.
4. Unauthorized departure of an individual receiving DHHS funded services, from a facility providing care, resulting in death or permanent loss of function.
5. Medication error that results in death, paralysis, coma, or other permanent loss of function.
6. Delay or failure to provide DHHS funded Contractor services that result in death or permanent loss of function.
7. Abuse as a result of the willful infliction of injury, unreasonable confinement, intimidation, or punishment with resulting physical harm, or mental anguish. This includes staff neglect or indifference to infliction of injury or intimidation of one individual by another.
8. Neglect as a result of the failure to provide the goods and services necessary to avoid physical harm, mental anguish or mental illness.
9. Assault of or by a client of the Contractor that results in the injury of the person or another person of such severity that medical attention is required.
10. Arson resulting in property loss.
11. High profile events, which may include media coverage and/or police involvement.

On-Site Reviews:

1. The Contractor shall allow a team or person authorized by DHHS to periodically review the Contractor's systems of governance, administration, data collection and submission, clinical, and financial management in order to assure systems are adequate to provide the contracted services.
2. Reviews shall include, but not be limited to, client record reviews to measure compliance with this exhibit.
3. The Contractor shall make corrective actions as advised by the review team if contracted services are not found to be provided in accordance with this exhibit.
4. DHHS staff shall contact the Contractor in advance of the site visit, so that the Contractor shall have sufficient time to prepare any guidance/reporting systems or logs that will be reviewed at the site visit.

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Exhibit B Amendment #2

Method and Conditions Precedent to Payment

The State shall pay the Contractor an amount not to exceed the Price Limitation, block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services, and in accordance with Exhibit B.

Funding for this Agreement is funded by various sources as a percentage of the total amount of \$75,013 as follows:

- 46 % Federal Funds from the Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant (CFDA #93.959);
- 22 % General Governor's Commission on Alcohol and Drug Abuse Prevention, Intervention and Treatment Funds; and
- 32 % General funds.

I. Payment Methodology

The Contractor shall be reimbursed for providing and delivering the services listed in Exhibit A, paragraph B. The following terms and conditions detailed in this Exhibit B shall apply to all services unless expressly stated otherwise.

The Contractor shall agree to use and apply all contract funds from the State for costs and expenses as detailed in the Service Reimbursement Table below. Allowable costs and expenses shall be determined by the State in accordance with applicable state and federal laws and regulations. Starting in State Fiscal Year 2015 (effective July 1, 2014) the contractor will receive a payment for each service at the rates and within the limits described below. For clients receiving DHHS supported services, the contractor may not charge the client, any 3rd party payor, and DHHS a combined rate that is more than the rate established by BDAS for that level of service or any other fees. These parties shall be charged in the following order:

1. The maximum allowed charge will be billed to the client's insurer, if applicable.
2. The client will be charged their portion of the maximum allowed charge based on the BDAS published sliding fee scale.
3. The balance of the maximum allowed charge, after deducting the client's portion and insurance payment, if applicable, shall be charged to DHHS.

Service Reimbursement Table - A check mark indicates the services and corresponding rates the Contractor will be reimbursed for.

Check mark indicates applicable service	Service	DHHS Established Rate	Service Limit
X	Evaluation	\$225	1 every 90 days
X	Outpatient – Individual	\$18.75/unit***	\$190 of combined individual & group/week
X	Outpatient – Group	\$5.00/unit	
X	Intensive Outpatient*	\$80.00/day	\$320 (4 days)/week
	Low-Intensity Residential – Adult	\$100.00/day	\$700 (7 days) /week



Exhibit B Amendment #2

	Low-Intensity Residential – Adolescent	\$128.00/day	\$896 (7 days) /week
	High-Intensity Residential – Adult	\$130.00/day	\$910 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Room & Board Only	\$66.00/day	\$462 (7 days) /week
	Specialty Residential Treatment for Pregnant & Parenting Women (ASAM Level 3.5): Clinical Services	\$162.60/day	\$1138.20 (7 days) /week
	Medium Intensity Residential – Adolescent	\$170.00/day	\$1190 (7 days) /week
	Recovery Support Services		
X	Individual	\$15.00/unit	\$160 of combined individual & group/week
X	Group	\$5.00/unit	
X	Continuous Recovery Monitoring – Attempted**	\$15.00/contact	\$60 of combined attempted and completed/month for the first 6 months post discharge
X	Continuous Recovery Monitoring – Completed	\$15.00/contact	
	Enhanced Services	Varied	

* Providers may bill the per diem rate for Intensive Outpatient Treatment services only on those days when the client attends individual and/or group counseling associated with the program. It is expected that each day of attendance includes a minimum of 3 hours of group and/or individual counseling services.

**Attempted Contact is at least 3 attempts to contact a client over the course of at least one week.

*** A unit is equal to 15 minutes of service

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. Failure to meet this requirement may result in amendment to or termination of the contract. At a minimum, contractors must provide the array of services they contracted to provide for in SFY14.

1. Performance Incentives:

A. Access to Services:

Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received and shall conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact. For each client who screens eligible for



Exhibit B Amendment #2

services and starts receiving services, whether for the identified level of care or interim services, within 10 business days following the eligibility screening, the treatment contractor will receive an incentive payment of \$75.00. Access incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

B. Completion:

For each client who is discharged from the program because they have completed treatment or transferred to another treatment provider as recorded in the Discharge Type field of the WITS Discharge Module, the treatment contractor will receive an incentive payment of \$75.00. Completion incentives will be calculated and paid on a monthly basis for services in the previous calendar month.

C. Client Outcomes:

If a client who was discharged from the program meets at least 3 of the Outcome criteria below in the 3rd and/or 6th month post-discharge, as evidenced by the WITS Follow-Up module, the treatment contractor will receive an incentive payment in the amount of \$50. The 3rd month post discharge is considered to be 60 – 120 days post discharge. The 6th month post discharge is considered to be 150 – 210 days post discharge. Outcomes incentives will be calculated and paid on a monthly basis for clients meeting criteria in the previous calendar month. It is expected that at least 50% of discharged clients will be contacted for 3 and/or 6 month follow-up over the contract year.

- i. Abstinence: The client reports reduced or no substance use in the past 30 days.
- ii. Employment/Education: The client reports increased or retained employment or the client reports returning to or staying in school.
- iii. Crime and Criminal Justice: The client reports no arrests in the past 30 days.
- iv. Stability in Housing: The client reports being in stable housing.
- v. Social Connectedness: The client reports engagement in Recovery Support Services, Care Coordination, and/or Community Based Support Groups in the past 30 days.

D. Performance Incentive Payout Limits:

Performance incentives are limited to no more than 6% of the total contract amount annually. The total amount paid out during the contract year will never exceed the total contract amount. DHHS is not obligated to make payment for any incentives that occur outside of the current contract year; however, incentives may be carried over to future contract years at the discretion of DHHS.

2. Failure to Meet Deliverables:

The Contractor shall comply with all contract requirements as detailed in Exhibit A section B, Required Services. Upon determination that Contractor may not be meeting the required deliverables, within two (2) weeks BDAS will provide a written correction action plan. Within two (2) weeks of notification of the corrective action plan, Contractor will provide a written remedial plan. BDAS will monitor the corrective actions for 60 days. Failure to meet requirements of the corrective action plan within 60 days may result in withholding of any or all payments or termination of the contract.

3. Invoicing & Billing:

All billing shall be completed via the WITS system according to protocols established by BDAS.



Exhibit B Amendment #2

The Contractor shall have written authorization from the State prior to using contract funds to purchase or lease any equipment with a cost in excess of two thousand five hundred dollars (\$2500) and with a useful life beyond one year.

II. Allocation of Funding:

It is incumbent upon the contractor to monitor service array and utilization to ensure that a consistent level of service will be available throughout the contract period. Utilization and array will also be monitored by the Department via WITS. The contractor is prohibited from spending down more than the sum of the total contract amount that includes the cost of the client services and related incentives.

III. Availability of Alternative Funding:

The New Hampshire Department of Health and Human Services may terminate or amend the contract should alternate third party payors, including Medicaid, the New Hampshire Health Protection Program and/or insurance available on the New Hampshire Insurance Exchange cover any of the services included in this contract.

IV. Limitations and restrictions of federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds:

The Contractor agrees to use the SAPT funds as the payment of last resort.

Restrictions on SAPT Block Grant on State and Contractor expenditures include:

The State may not:

- Provide inpatient hospital services except under those conditions outlined in the regulations.
- Make cash payments to intended recipients of substance abuse services.
- Purchase or improve land.
- Purchase, construct, or permanently improve buildings or other facilities.
- Purchase major medical equipment.
- Satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds. (in-kind)
- Provide financial assistance to any entity other than a public or non-profit private entity.
- Provide individuals with hypodermic needles or syringes.
- Expend more than the amount of Block Grant funds expended in FFY91 for treatment services provided in penal or correctional institutions of the State.

The Contractor shall not:

- Use any federal funds provided under this contract for the purpose of conducting testing for the etiologic agent for Human Immunodeficiency Virus (HIV) unless such testing is accompanied by appropriate pre and post-test counseling.
- Use any federal funds provided under this contract for the purpose of conducting any form of needle exchange, free needle programs or the distribution of bleach for the cleaning of needles for intravenous drug abusers.

V. Charitable Choice:



Exhibit B Amendment #2

Federal Charitable Choice statutory provisions ensure that religious organizations are able to equally compete for Federal substance abuse funding administered by SAMHSA, without impairing the religious character of such organizations and without diminishing the religious freedom of SAMHSA beneficiaries (see 42 USC 300x-65 and 42 CFR Part 54 and Part 54a, 45 CFR Part 96, Charitable Choice Provisions and Regulations). Charitable Choice statutory provisions of the Public Health Service Act enacted by Congress in 2000 are applicable to the SAPT Block Grant program. No funds provided directly from SAMHSA or the relevant State or local government to organizations participating in applicable programs may be expended for inherently religious activities, such as worship, religious instruction, or proselytization. If an organization conducts such activities, it must offer them separately, in time or location, from the programs or services for which it receives funds directly from SAMHSA or the relevant State or local government under any applicable program, and participation must be voluntary for the program beneficiaries.

- VI. Notwithstanding paragraph 18 of the General Provisions of this Agreement P-37, an amendment limited to adjusting amounts within the budgets and within the price limitation, can be made by written agreement of both parties and may be made without obtaining approval of Governor and Executive Council.

The remainder of this page is intentionally left blank.

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 THE YOUTH COUNCIL is a New Hampshire nonprofit corporation formed January 14, 1975. 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 11th day of April A.D. 2014

A handwritten signature in cursive script, reading "William M. Gardner".

William M. Gardner
Secretary of State

WITHOUT SEAL

CERTIFICATE OF VOTE

I, Laura Franco, of The Youth Council, do hereby certify that:

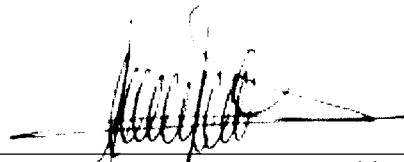
1. I am the duly elected President of the Board of Directors of The Youth Council;
2. The following are true copies of two resolutions duly adopted at a meeting of the Board of Directors of the corporation, duly held on March 19, 2009;

RESOLVED: That this corporation enters into a contract with the State of New Hampshire, acting through its Department of Health and Human Services, Division of Community Based Care Services.

RESOLVED: That the Executive Director 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. Elizabeth G. Houde is the duly elected Executive Director of the corporation.

3. The foregoing resolutions have not been amended or revoked and remain in full force and effect as of May 19, 2014.

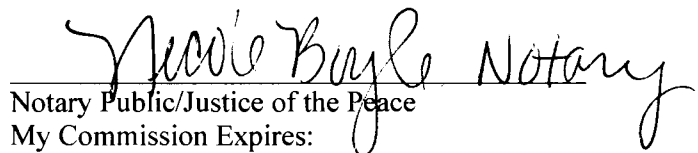
IN WITNESS WHEREOF, I have hereunto set my hand as the President of the Board of Directors of the corporation this 19th day of May 2014.



Laura Franco, MBA, President

STATE OF NEW HAMPSHIRE
COUNTY OF HILLSBOROUGH

The foregoing instrument was acknowledged before me this 19th day of May 2014 by Laura Franco.



Notary Public/Justice of the Peace
My Commission Expires:

NICOLE BOYLE, Notary Public
My Commission Expires January 27, 2015



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

5/1/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Eaton & Berube Insurance Agency 11 Concord Street Nashua NH 03061	CONTACT NAME: Cathy Beauregard	
	PHONE (A/C No, Ext): 603-689-7229	FAX (A/C, No): 603-886-4230
INSURED The Youth Council, Inc 110-115 West Pearl Street Nashua NH 03060	E-MAIL ADDRESS: cbeauregard@eatonberube.com	
	INSURER(S) AFFORDING COVERAGE	
	INSURER A: Philadelphia Insurance Companies	
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	
INSURER F:		

COVERAGES**CERTIFICATE NUMBER:** 546385792**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PROJECT ☒ LOC			PHPK1024166	6/18/2013	6/18/2014	EACH OCCURRENCE \$1000000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100000 MED EXP (Any one person) \$5000 PERSONAL & ADV INJURY \$1000000 GENERAL AGGREGATE \$3000000 PRODUCTS - COMP/OP AGG \$3000000 \$
A	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☒ HIRED AUTOS ☐ SCHEDULED AUTOS ☒ NON-OWNED AUTOS			PHPK1024166	6/18/2013	6/18/2014	COMBINED SINGLE LIMIT (Ea accident) \$1000000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	☒ UMBRELLA LIAB ☒ OCCUR ☐ EXCESS LIAB ☐ CLAIMS-MADE ☐ DED ☒ RETENTION \$ 10000			PHUB421698	6/18/2013	6/18/2014	EACH OCCURRENCE \$1000000 AGGREGATE \$1000000 \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☐ Y ☒ N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A				WC STATUTORY LIMITS E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Professional Liability			PHPK1024166	6/18/2013	6/18/2014	\$1,000,000 \$3,000,000 Each Claim Aggregate

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

CERTIFICATE HOLDER**CANCELLATION**DHHS
129 Pleasant Street
Concord NH 03301

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

AUTHORIZED REPRESENTATIVE

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
5/1/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER AUTOMATIC DATA PRCSNG INS AGCY/NE 250719 P: F: PO BOX 33015 SAN ANTONIO TX 78265	CONTACT NAME: PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL: ADDRESS: INSURER(S) AFFORDING COVERAGE INSURER A: Hartford Ins Co of the Midwest INSURER B: INSURER C: INSURER D: INSURER E: INSURER F: NAIC# 37478
INSURED THE YOUTH COUNCIL, INC. 112 W PEARL ST NASHUA NH 03060	

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

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☐ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PRO-JECT ☐ LOC OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☐ HIRED AUTOS ☐ NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB ☐ OCCUR EXCESS LIAB ☐ CLAIMS-MADE DED: ☐ RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) ☐ Y/N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		76 WEG NP3067	06/18/2013	06/18/2014	X PER STATUTE ☐ OTH-ER ☐ E.L. EACH ACCIDENT \$100,000 E.L. DISEASE- EA EMPLOYEE \$100,000 E.L. DISEASE - POLICY LIMIT \$500,000

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

Those usual to the Insured's Operations.

CERTIFICATE HOLDER**CANCELLATION**

DHHS 129 PLEASANT ST CONCORD, NH 03301	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE

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THE YOUTH COUNCIL, INC.

Financial Statements

For The Year Ended June 30, 2013

Independent Auditors' Report

To The Board of Directors
The Youth Council, Inc.
Nashua, New Hampshire

We have audited the accompanying financial statements of The Youth Council, Inc., which comprise the statement of financial position as of June 30, 2013 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

THE YOUTH COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2013

ASSETS

CURRENT ASSETS

Cash	\$ 16,510
Accounts receivable	26,817
Promises to give	5,863
Refundable income taxes	799
Prepaid expenses	2,240
	<u>52,229</u>

PROPERTY & EQUIPMENT

Building	289,622
Land	28,397
Furniture & fixtures	44,856
Building improvements	266,057
	<u>628,932</u>
Less accumulated depreciation	310,530
	<u>318,402</u>

OTHER ASSET

Loan fees, net of amortization of \$377	1,361
	<u>\$ 371,992</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Line of credit	\$ 32,500
Current portion of long-term debt	9,520
Accounts payable and accrued expenses	17,449
Deferred revenue	20,151
Refundable advances	17,029
Accrued payroll	12,519
Accrued select time	13,583
Accrued and withheld payroll taxes	958
	<u>123,709</u>

<u>LONG-TERM DEBT</u> , net of current portion	<u>283,259</u>

OTHER LIABILITIES

Security deposit	<u>3,498</u>

NET ASSETS

Unrestricted (deficit)	(44,337)
Temporarily restricted	5,863
	<u>(38,474)</u>
	<u>\$ 371,992</u>

The Accompanying Notes Are An Integral Part
of These Financial Statements.

THE YOUTH COUNCIL, INC.
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets \$ (104,272)

Adjustments to reconcile decrease in net assets
to net cash used in operating activities:

Depreciation and amortization (Program expense) 12,674

Depreciation and amortization (Rental expense) 8,275

Change in assets and liabilities:

(Increase) decrease in accounts receivable (3,141)

(Increase) decrease in promises to give 18,338

(Increase) decrease in refundable income taxes 1,445

(Increase) decrease in prepaid expenses 110

Increase (decrease) in accounts payable 7,508

Increase (decrease) in deferred revenue and refundable advances 37,180

Increase (decrease) in accrued payroll, select time and withheld
payroll taxes (1,522)

Net cash used in operating activities (23,405)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment and building improvements (3,800)

Decrease of security deposit (85)

Net cash used in investing activities (3,885)

CASH FLOWS FROM FINANCING ACTIVITIES

Payment of long term debt (8,988)

Advances on line of credit 32,500

Net cash provided by financing activities 23,512

Net decrease in cash and cash equivalents (3,778)

Cash and cash equivalents, beginning of year 20,288

Cash and cash equivalents, end of year \$ 16,510

The Accompanying Notes Are An Integral Part
of These Financial Statements.

THE YOUTH COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Agency provides counseling, diversion programs, and onsite services designed to strengthen families, improve decision-making skills, and reduce involvement with the legal system for children, teens, and families struggling with abuse, neglect, substance abuse, behavioral difficulties, and parenting stress.

Accounting Method

Support, revenue and expenses are recorded on the accrual basis of accounting. Contract revenue is recognized when services are rendered. Donations are recorded when unconditionally pledged. Expenses are recorded when the obligation has been incurred.

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Financial Statement Presentation

The Agency reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – Result from activities that have no restrictions placed on them by the funding sources.

THE YOUTH COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Youth Council, Inc. is generally exempt from income taxes pursuant to the Internal Revenue Code Section 501(c)(3). However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

The current year unrelated business income tax is zero. The Agency qualified for the health insurance premium credit which will be refunded in the amount of \$799.

The Organization's income tax filings are subject to audit by various taxing authorities. As of June 30, 2013, the Organization's open audit periods included years ending June 30, 2010 through 2013. The Organization believes it has met all the requirements to maintain its not-for-profit status.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B. LINE OF CREDIT

The Organization has a revolving line of credit secured by a second mortgage on real estate in Nashua, New Hampshire. Borrowings may not exceed \$75,000. The interest rate is prime. The outstanding balance on the line of credit at June 30, 2013 was \$32,500.

THE YOUTH COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2013

NOTE F. PENSION PLAN

The Organization adopted a qualified 403(b) retirement plan for employees who are at least 21 years of age, working at least 30 hours per week, and have completed 30 days of employment. The plan allows for employee contributions in accordance with the Internal Revenue Code. There is no provision for a contribution by the Organization.

NOTE G. MANAGEMENT SERVICES AFFILIATE

The Agency was engaged by three unrelated third parties to provide advisory and bookkeeping services. Service fees totaling \$19,950 were recorded as a reduction of staff payroll in the accompanying Statement of Functional Expenses.

NOTE H. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments including cash, accounts receivable, accounts payable and short-term debt approximated fair value as of June 30, 2013, because of the relatively short maturity of these instruments. The recorded values of notes payable and long-term debt approximate their fair values, as interest approximates market rates.

NOTE I. SUBSEQUENT EVENTS

Management has evaluated events through date January 9, 2014, the date that the financial statements were available to be issued.



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6105 TDD Access: 1-800-735-2964

134
G&G Approved
June 4, 2013

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

Date 6/19/13
Item # 134

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug and Alcohol Services, to exercise renewal options with vendors by increasing the price limitations by \$150,026 in aggregate from \$13,507,879 in aggregate to \$13,657,905 in aggregate for a continuum of substance abuse treatment services state-wide and extending the completion date from June 30, 2013 to June 30, 2014, effective July 1, 2013 or date of Governor and Council approval, whichever is later.

Summary of contracted amounts by vendor:

52-6% Federal 47.4% General

<u>Vendor</u>	<u>Amount</u>
The Youth Council	\$150,026
TOTAL	\$150,026

Funds to support this request are anticipated to be available in the following accounts in SFY 2014 upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts within the price limitation and amend the related terms of the contracts without further approval from Governor and Executive Council.

05-95-49-491510-2989 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, GOVERNOR COMMISSION FUNDS (100% General Funds)

05-95-49-491510-2990 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: DIV OF COMM BASED CARE SVC, BUREAU OF DRUG & ALCOHOL SVCS, CLINICAL SERVICES (34.4% General 65.6% Federal)

Please see attachment for financial details

EXPLANATION

The requested action seeks approval of the 16th of 17 agreements (Governor and Council approved 15 of the agreements as a single item on June 5, 2013) and represents \$150,026 of the \$7,741,314 total anticipated to be spent state-wide to provide a continuum of substance abuse treatment services via the accounting codes listed. These services include community based outpatient, intensive outpatient, residential, transitional living, and

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council

June 4, 2013

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recovery support services, including specialized treatment services for pregnant and parenting women and their children. This request seeks to exercise the renewal option that exists within each of the vendor contracts. The Department anticipates that the remaining agreement will be presented to Governor and Executive Council in July, 2013.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, these contracts will continue to allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
- Alcohol dependence: 44,850 (3% of population)
- Illicit Drug Abuse: 43,810 (3% of population)
- Illicit Drug Dependence: 32,240 (2% of population)
- Substance Abuse: 126,630 (10% of population)
- Needing but not receiving treatment for alcohol abuse: 93,990 (7% of population)
- Needing but not receiving treatment for illicit drug use: 39,390 (3% of population)

In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

The vendors were originally selected for this agreement through a competitive bid process. This request covers services for the period July 1, 2013 to June 30, 2014, and anticipates exercising the option to renew for one additional year as provided all of the previous vendor contracts, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with the listed vendors in State Fiscal Year 2013 in the amount of \$7,741,314 in the aggregate. This agreement represents level funding of all vendors.

The following performance measures will be used to measure the effectiveness of the agreements:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.

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and the Honorable Council

June 4, 2013

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- i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
 - i. Treatment contractors are required to conduct initial eligibility screening as soon as possible, ideally at the time of first contact (direct communication by phone or in person) with the client or referring agency, but not later than 5 business days following the date of first contact.
 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
 - A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for I intensive outpatient treatment services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

Contractors, with the exception of those agencies that only offer outpatient services, are required to develop the capacity for group recovery support aftercare services for a minimum of 25% of the number treatment clients (including outpatient and transitional living program clients) they are under contract to serve. Group recovery support aftercare services are services that are consistent with an individual's recovery plan that prevent relapse and enhance or remove barriers to recovery. Recovery Support Services include, but are not limited to, guidance in financial management, parenting, vocational training, life management and spiritual counseling as well as transportation and child-care. These group recovery support services are for clients discharged from substance use disorder treatment services provided under contract with the Bureau of Drug and Alcohol Services on behalf of the Department, which may include clients that had received SUD treatment from the Contractor or a different agency. Contractors are only allowed to access these services for their clients or clients that had received substance use disorder treatment from a different agency through the statewide care coordination program under agreement with the Bureau of Drug and Alcohol Services on behalf of the Department.

All treatment programs under contract with the Bureau of Drug and Alcohol Services on behalf of the Department are required to report on the National Outcome Measures (see attached) established by the Substance Abuse and Mental Health Services Administration, as required in the Federal Substance Abuse Prevention and Treatment Block Grant, via the Electronic Health Record/Web Infrastructure Treatment System. The Department of Health and Human Services reserves the right to consider Contractor performance across all of the domains in future funding decisions. The Contractor is expected to meet or exceed these percentages as measured by the Electronic Health Record/Web Infrastructure Treatment System.

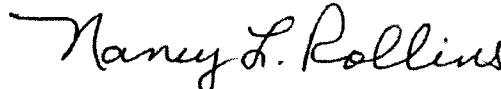
Her Excellency, Governor Margaret Wood Hassan
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June 4, 2013
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Area served: State-wide

Source of Funds: 52.6% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant and 47.4% General .

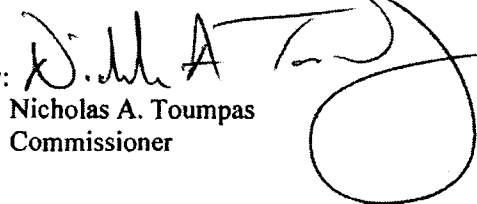
In the event that the Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF COMMUNITY BASED CARE SERVICES

BUREAU OF DRUG AND ALCOHOL SERVICES

Nicholas A. Toumpas
Commissioner

Nancy L. Rollins
Associate Commissioner

105 PLEASANT STREET, CONCORD, NH 03301
603-271-6100 1-800-804-0909
FAX: 603-271-6106 TDD Access: 1-800-735-2964

May 25, 2012

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

Approved by: G+C
Date: 6/20/12
Item No.: 112
Contract No.: 1024153

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Community Based Care Services, Bureau of Drug & Alcohol Services, to enter into an agreement with The Youth Council (Vendor #154886 B001), 112 West Pearl Street, Nashua, NH 03060, to provide for a continuum of substance abuse treatment services, in an amount not to exceed \$75,013.00 to be effective July 1, 2012 or date of Governor and Council approval, whichever is later, through June 30, 2013: Funds are available in the following accounts for State Fiscal Year 2013:

05-95-95-958410-5365 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, ALCOHOL AND OTHER TREATMENT

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95846501	\$34,424.00
			Subtotal	\$34,424.00

05-95-95-958410-1388 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT AND PREVENTION, GOVERNOR

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95848501	\$16,876.00
			Subtotal	\$16,876.00

05-95-95-958410-1387 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES,
HHS: COMMISSIONER, DCBCS TREATMENT & PREVENTION, TREATMENT-PREVENTION-STATE

Fiscal Year	Class/Object	Class Title	Job Number	Amount
SFY 2013	102-500734	Contracts for Prog Svc	95841387	\$23,713.00
			Subtotal	\$23,713.00
			Total	\$75,013.00

EXPLANATION

The purpose of this agreement is to provide a continuum of substance abuse treatment services such as community based outpatient, intensive outpatient, residential, transitional living, and recovery support services, including specialized treatment services for pregnant and parenting women and their children, in the Nashua area.

Client eligibility for treatment services is targeted at those either unable to pay for services or able to pay only part of the cost of services, and who has or is suspected of having an alcohol or other drug abuse problem, and who is a resident of the State of New Hampshire or is homeless in NH. All clients discharged from treatment services supported by this contract will be referred to care coordination and recovery-support aftercare services as clinically appropriate, supported separately by the Federal Access to Recovery Grant.

The State is migrating toward a Resiliency and Recovery Oriented Systems of Care. Recovery-oriented systems of care are networks of organizations, agencies and community members that coordinate a wide spectrum of services to prevent, intervene in, and treat substance use problems and disorders. In addition, this contract will allow the State to improve the quality and array of services available to clients. Quality improvement efforts include the exchange of data and information that will support "data driven" prevention and treatment programming to better address the needs to the region.

The New Hampshire Office of Energy and Planning reported the 2009 Population Estimates of New Hampshire Cities and Towns as 1,324,575. The National Survey on Drug Use and Health commissioned by the Substance Abuse and Mental Health Services Administration in 2008/2009 reported the following demographic data for New Hampshire:

- Alcohol Abuse: 97,630 (7% of population)
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In addition, the New Hampshire Medical Examiner office reported 172 drug related overdose deaths in NH during 2010. The New Hampshire Administrative Office of the Courts reported 9,500 arrests and 5,000 convictions for Driving While Impaired in 2009. Approximately 90% of individuals arrested for Driving While Impaired have an underlying substance abuse disorder according to the National Institute on Alcohol Abuse and Alcoholism.

Should the Governor and Executive Council determine to not authorize this Request, agencies would not have sufficient resources to promote, implement and provide the array of services necessary to provide individuals with substance use disorders the necessary tools to achieve, enhance and sustain recovery. In addition, failure to obligate the federal funds in the Substance Abuse Prevention and Treatment Block Grant to community based programs to provide alcohol and other drug treatment service would place that Block Grant in jeopardy.

The Youth Council was selected for this agreement through a competitive bid process. A Request for Proposals was posted on the Department's web site on March 6, 2012 through April 2, 2012. In addition, a bidder's conference was held on March 12, 2012.

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
May 25, 2012
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A total of 19 proposals were received. A review committee of three professionals reviewed each proposal. All reviewers have between three to twenty years experience managing agreements with vendors for various public health programs. Areas of specific expertise include: maternal and child health; substance abuse prevention and treatment; chronic and communicable diseases; and public health infrastructure. Eighteen of the proposals were selected for funding based on review criteria that included availability of funds, consistency with stated funding priorities, technical score, and equitable geographic distribution. The agency that was not selected did not meet the minimum scoring criteria established for funding. The Bid Summary is attached.

This request covers services for the period July 1, 2012 to June 30, 2013, with an option to renew for one additional year, pending availability of funding, the agreement of the parties and approval of Governor and Council. These services were contracted previously with this agency in State Fiscal Year 2012 in the amount of \$75,013.00. This agreement represents level funding.

The following performance measures will be used to measure the effectiveness of the agreement:

- Utilization criteria will be applied exclusively on a month-by-month basis according to the criteria below.
 - i. Contracts running at 90% to 100% of utilization in a given month will be reimbursed at 100% of the contracted rate for that month.
 - ii. Contracts running at 80% to 89% of utilization in a given month will be reimbursed at rate of 95% of the contracted rate for that month.
 - iii. Contracts running below 80% of utilization in a given month will be reimbursed at the rate of utilization for that month (for example for a given month in which utilization was 59% the contractor would be reimbursed at 59% of the contracted rate for that month).
- Treatment contractors shall respond to calls requesting services, whether an initial or subsequent call, from clients or referring agencies as soon as possible and within at least 2 business days following the day the call was received. The following Access Criteria must be met for a minimum of 80% of prospective clients (from clients or referring agencies) for the month in which billing is being submitted:
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 - ii. Those who have screened eligible for services will start receiving services, whether for the identified level of care or interim services, within 10 business days follow the eligibility screening.
- A minimum of 70% of clients, which have completed or otherwise are no longer receiving services, will have met the minimum retention standards for the modality of services received as noted below:
 - i. Have completed a minimum of 6 sessions of outpatient treatment services (OP)
 - ii. Have completed a minimum of 8 days of intensive outpatient treatment services (IOP) – only those days in which a client has participated in minimum of 10 units (2.5 hours) of service per day (12 units per day is the standard for IOP services) may be counted.
 - iii. Have completed a minimum of 14 days of residential treatment service
 - iv. Has completed a minimum of 28 days in a transitional living/halfway house residential program.

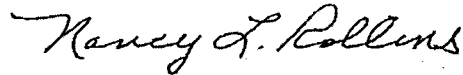
Area served: Nashua.

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
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Source of Funds: 45.89% Federal Funds from Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention and Treatment Block Grant, 50.95% General Funds and 3.16% Other (Highway) Funds.

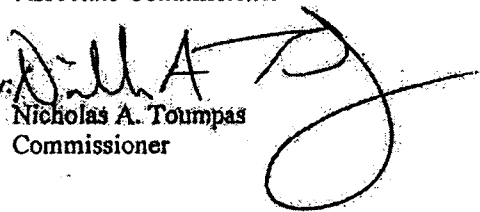
In the event that the Federal or Other Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toupas
Commissioner

NLR/df

RF/RFP CRITERIA	Max Pts	14.00	13.00	15.00	15.00	13.00	13.00	11.00	12.00	12.00	15.00	13.00	13.00	12.00	15.00	12.00	13.00	10.00
Experience and Capacity	15																	
Approach	50	42.00	46.00	48.00	48.00	47.00	39.00	41.00	47.00	42.00	46.00	40.00	43.00	48.00	48.00	38.00	42.00	27.00
Budget	25	24.00	25.00	25.00	24.00	23.00	18.00	23.00	20.00	22.00	18.00	25.00	19.00	24.00	22.00	23.00	23.00	16.00
Financial Sustainability	10	7.50	8.30	9.00	10.00	7.00	0.00	7.50	6.90	8.30	9.50	9.00	6.50	7.20	6.50	7.50	8.30	5.60
Total	100	88.00	92.00	97.00	97.00	90.00	70.00	82.00	86.00	84.00	88.00	89.00	82.00	97.00	93.00	81.00	87.00	58.00

BUDGET REQUEST	\$120,386	\$85,000	\$27,207	\$406,796	\$2,221,666	\$47,050	\$116,428	\$1,750,112	\$285,000	\$245,963	\$30,000	\$153,454	\$244,501	\$2,615,553	\$513,951	\$1,339,836	\$87,567	\$747,691	\$930,630
BUDGET AWARDED	\$86,403	\$74,406	\$28,922	\$322,530	\$1,120,599	\$39,238	\$89,669	\$1,199,125	\$256,945	\$189,576	\$27,114	\$597,819	\$199,025	\$1,457,490	\$432,468	\$1,329,836	\$75,013	\$611,907	\$0

Name	Job Title	Dept./Agency	Qualifications
1 Tyn Rourke	Sub. Use Disorders	Grantmaking/GC	Qualifications Reviewers have
2 Pamela Sullivan	Youth Counselor	SYDC	between 3-20 years
3 Heidi Young	Program Specialist	DCYF	experience managing
4 Bernie Bluhm	Prog. Planner/Rev. Spec.	Family Services	agreements with
5 Alan West, Ph.D.	Psychologist/VA	TX/Co-occurring	vendors for various
6 Mary Miller	Prog. Spec. IV	OCPH	DHHS and DOC
7 Michelle Ricco	Prog. Spec. IV	DPHS	programs. Areas of
8 Kathleen Hessefort	Internal Auditor I	BDAS/FBO	specific expertise
9 Lindy Keller	Administrator I	BDAS-RAD	include Maternal and
10 Michael Lawless	Prog. Spec. IV	BDAS/CSU	Child Health,
11 Bruce Blaney	Regional Coordinator	BDAS-CSU	Substance Abuse
12 Jim Shanalaris	Administrator I	BDAS-FBOU	
13 Linda Parker	Prog. Spec. IV	BDAS-CSU	
14 Rosemary Shannon	Administrator I	BDAS-CSU	
15 Rob O'Hannon	ATR Prog. Spec.	BDAS/ATR	
16 Jaime Powers	Tx&Rec. Serv. Coord.	BDAS/ATR	
17 John Sweeney	Systems Dev.	BDAS/IT	
18 Michael Rodgers	Assistant Administrator	BDAS	
19 Jeffrey Metzger	Sr. Mngt. Analyst	BDAS/PSU	
20 Ann Crawford	Regional Coordinator	BDAS/PSU	
21 Valerie Morgan	Administrator I	BDAS/PSU	