MAY10'21 PM 2:43 RCVD 16 mac

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

Lori A. Shibinette
Commissioner

Joseph E. Ribsam, Jr.
Director

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

April 19, 2021

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

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division for Children, Youth and Families, to enter into a **Sole Source** amendment to an existing contract with Catholic Medical Center (VC#177240R003) Manchester, NH to provide laboratory services for the John H. Sununu Youth Services Center (SYSC), by increasing the price limitation by $54,000 from $216,000 to $270,000 and extending the completion date from June 30, 2021 to June 30, 2023 effective upon Governor and Council approval. 100% General Funds.

The original contract was approved by Governor and Council on June 5, 2013, item #81. It was subsequently amended with Governor and Council approval on April 22, 2015, item #12, amended with Governor and Council approval on June 21, 2017, item #23, and most recently amended with Governor and Council approval on June 19, 2019, item #68.

Funds are anticipated to be available in the following accounts for State Fiscal Years 2022 and 2023, upon the availability and continued appropriation of funds in the future operating budget, with the authority to adjust budget line items within the price limitation and encumbrances between state fiscal years through the Budget Office, if needed and justified.

05-95-42-421010-7915 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVS, HHS: HUMAN SERVICES, SUNUNU YOUTH SERVICE CENTER, HEALTH SERVICES

State Fiscal Year	Class / Account	Class Title	Job Number	Current Budget	Increased (Decreased) Amount	Revised Budget
2014	101-500729	Medical Payments to Providers	42151501	$27,000	$0	$27,000
2015	101-500729	Medical Payments to Providers	42151501	$27,000	$0	$27,000

2016	101-500729	Medical Payments to Providers	42151501	$27,000	$0	$27,000
2017	101-500729	Medical Payments to Providers	42151501	$27,000	$0	$27,000
2018	101-500729	Medical Payments to Providers	42151501	$27,000	$0	$27,000
2019	101-500729	Medical Payments to Providers	42151501	$27,000	$0	$27,000
2020	101-500729	Medical Payments to Providers	42151501	$27,000	$0	$27,000
2021	101-500729	Medical Payments to Providers	42151501	$27,000	$0	$27,000
2022	101-500729	Medical Payments to Providers	42151501	$0	$27,000	$27,000
2023	101-500729	Medical Payments to Providers	42151501	$0	$27,000	$27,000
			Total	**$216,000**	**$54,000**	**$270,000**

EXPLANATION

This request is **Sole Source** because the Department is requesting to extend the contract beyond the original completion date and there are no renewal options remaining. The Sununu Youth Services Center (SYSC) provides comprehensive 24/7 care to its residents. The current provider of laboratory services, Catholic Medical Center (CMC), consistently charges lower rates for phlebotomy and commonly used laboratory tests ordered by the physician, psychiatrist, and dentist at SYSC. The Contractor is uniquely qualified to deliver these services to a specific population such as SYSC. The contractor will continue to provide these services to SYSC based on their ability to support the center with consistently lower rates.

The purpose of this request is to allow the Contractor to continue providing laboratory services to the youth who reside at the SYSC. The Contractor provides technical laboratory personnel who collect specimens, at the request of the Department, from youth residents at SYSC. Collecting specimens onsite creates value for the Department because it eliminates the need to transport youth residents to an offsite location, which saves resources such as staff hours and state vehicle usage costs.

These services apply to committed or detained residents at SYSC which serves approximately 70 individual youth per year. Approximately 75 to 100 specimens will be collected and tested between July 1, 2021 and June 30, 2023.

The Contractor collects and analyzes specimens, as ordered by medical staff at SYSC. The specimens are collected onsite at SYSC and transported to a laboratory for testing. Laboratory results are reported to the Department for each sample tested. Specimen treating reports include, but are not limited to:

- Date and time of specimen collection.
- Technician's initials.
- Pathologist's review of testing results.

The Department will monitor contracted services by ensuring the Contractor:

- Provides phlebotomy services at SYSC once weekly.
- Collects 100% of specimens ordered by doctors for youths at SYSC.
- Provide a Specimen Collection Assurance Report to the Department no less than once each fiscal quarter.
- Notifies the Department within one (1) working day of any laboratory findings that indicate a reportable disease.
- Delivers test results to the Department within twenty-four hours of specimen collection.

Should the Governor and Council not authorize this request, staff members at SYSC will need to transport youth residents at SYSC to an outside lab facility to collect specimens for testing. This would increase the cost of specimen collection and testing, as well as increase risk to staff and youth residents. In addition, it may cause delays in the collection of specimens for laboratory testing.

Area served: Residents at SYSC in Manchester.

Source of Funds: 100% General Funds.

Respectfully submitted,

Lori A. Shibinette
Commissioner

State of New Hampshire
Department of Health and Human Services
Amendment #4

This Amendment to the Laboratory Services for the John H. Sununu Youth Services Center contract is by and between the State of New Hampshire, Department of Health and Human Services ("State" or "Department") and Catholic Medical Center ("the Contractor").

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on June 5, 2013, (Item #81), as amended on April 22, 2015, (Item #12), as amended on June 21, 2017, (Item #23), and as amended on June 19, 2019, (Item #68) the Contractor agreed to perform certain services based upon the terms and conditions specified in the Contract and in consideration of certain sums specified; and

WHEREAS, pursuant to Form P-37, General Provisions, Paragraph 18, the Contract may be amended upon written agreement of the parties and approval from the Governor and Executive Council; and

WHEREAS, the parties agree to extend the term of the agreement, increase the price limitation, or modify the scope of services to support continued delivery of these services; and

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

1. Form P-37 General Provisions, Block 1.7, Completion Date, to read:

   June 30, 2023.

2. Form P-37, General Provisions, Block 1.8, Price Limitation, to read:

   $270,000.

3. Modify Exhibit A, Scope of Services, Contract Period, to read:

   July 1, 2013 to June 30, 2023.

4. Modify Exhibit B, Method Schedule, and Conditions Precedent to Payment, Program Period, to read:
   July, 1, 2013 to June 30, 2023.

DS
AW
Contractor Initials

Date 4/27/2021

All terms and conditions of the Contract and prior amendments not modified by this Amendment #4 remain in full force and effect. 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

5/3/2021
Date

DocuSigned by:
Joseph E. Ribsam, Jr.
AAE4DEB3C68E438...
Name: Joseph E. Ribsam, Jr.
Title: Director

Catholic Medical Center

4/27/2021
Date

DocuSigned by:
Alex Walker
2203780B910C4E9...
Name: Alex Walker
Title: Chief Operating Officer

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

OFFICE OF THE ATTORNEY GENERAL

5/4/2021
Date

DocuSigned by:
D5CA9202E32C4AE...
Name: Catherine Pinos
Title: Attorney

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

OFFICE OF THE SECRETARY OF STATE

Date

Name:
Title:

State of New Hampshire

Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that CATHOLIC MEDICAL CENTER is a New Hampshire Nonprofit Corporation registered to transact business in New Hampshire on November 07, 1974. I further certify that all fees and documents required by the Secretary of State's office have been received and is in good standing as far as this office is concerned.

Business ID: 62116

Certificate Number: 0005343744

IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed the Seal of the State of New Hampshire, this 8th day of April A.D. 2021.

William M. Gardner

Secretary of State

CERTIFICATE OF AUTHORITY

I, Matthew Kfoury, do hereby certify that:

1. I am the duly elected Secretary of Catholic Medical Center, a New Hampshire voluntary corporation ("CMC");

2. Joseph Pepe, M.D. is the duly elected CEO of CMC.

3. Alexander J. Walker, is the duly elected President of CMC.

4. The attached Exhibit A is a true copy of resolutions duly adopted by written unanimous consent on March 17, 2021;

5. The foregoing resolutions have not been amended or revoked and remain in full force and effect as of the 23rd day of April, 2021 and this authority remains valid for thirty (30) days from the date of this Certificate of Authority; and

6. I further certify that it is understood that the State of New Hampshire will rely on this certificate as evidence from CMC that I am the Secretary of CMC and that Dr. Pepe and Mr. Walker have the authority to bind CMC. To the extent that there are any limits on the authority of Dr. Pepe, Mr. Walker, or myself to bind CMC in contracts with the State of New Hampshire, all such limitations are expressly stated herein.

I have hereunto set my hand as the Secretary of CMC this 23rd day of April 2021.

s/ Matthew Kfoury
Matthew Kfoury, Secretary

Exhibit A

PROPOSED RESOLUTIONS

OF THE

BOARD OF TRUSTEES

OF CATHOLIC MEDICAL CENTER ("CMC")

Authorizing CMC to enter into Contracts with the State of New Hampshire

March 17, 2021

RESOLVED: That CMC be authorize to enter into contracts, amendments, renewals, revisions or modifications thereto, with the State of New Hampshire, including any of its agencies or departments.

RESOLVED: That the Joseph Pepe, M.D., as CEO of CMC and Alexander J. Walker, as President are hereby jointly and severally authorized on behalf of CMC to enter into contracts with the State and to execute any and all documents, agreements, and other instruments; and any amendments, revisions, or modifications thereto, as he may deem necessary, desirable, or appropriate.

ACORD

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 10/19/2020

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

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

PRODUCER MARSH USA, INC. 99 HIGH STREET BOSTON, MA 02110 Attn: Boston.certrequest@Marsh.com Fax: 212-948-4377 CN109021768-ALL-GAWXP-20-21	CONTACT NAME: PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL ADDRESS:
INSURED CMC HEALTHCARE SYSTEM 100 MCGREGOR STREET MANCHESTER, NH 03102	INSURER(S) AFFORDING COVERAGE — NAIC # INSURER A : Pro Select Insurance Company — INSURER B : Safety National Casualty Corp. — 15105 INSURER C : N/A — N/A INSURER D : INSURER E : INSURER F :

COVERAGES CERTIFICATE NUMBER: NYC-009552485-14 REVISION NUMBER: 11

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY			002NH000016052	10/01/2020	10/01/2021	EACH OCCURRENCE	$ 1,000,000
	CLAIMS-MADE X OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 50,000
							MED EXP (Any one person)	$ 5,000
							PERSONAL & ADV INJURY	$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$ 3,000,000
	X POLICY PRO-JECT LOC						PRODUCTS - COMP/OP AGG	$ 3,000,000
	OTHER:							$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	ANY AUTO						BODILY INJURY (Per person)	$
	OWNED AUTOS ONLY / SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	HIRED AUTOS ONLY / NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB OCCUR						EACH OCCURRENCE	$
	EXCESS LIAB CLAIMS-MADE						AGGREGATE	$
	DED RETENTION $							$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N			SP 4063859	10/01/2020	10/01/2021	X PER STATUTE OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? N (Mandatory in NH)	N/A		*SIR $750,000			E.L. EACH ACCIDENT	$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000

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

CERTIFICATE HOLDER	CANCELLATION
NH 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 of Marsh USA Inc. Manashi Mukherjee Manashi Mukherjee

CMC | Strategy2020

Catholic Medical Center's Strategy2020

CMC Healthcare System (CMCHS) is guided by its mission, vision and values in delivering exceptional care and well-being to our patients and community. Aggressively pursuing our mission and vision is fundamental in both shaping our future and evaluating our progress. Additionally, our strength of Catholic Identity and relationship with the Diocese, affirmed by our values and incorporated in our language, symbols and behaviors, is integral to fulfilling CMC's direction to deliver health, healing and hope to those we serve.

Mission

The heart of Catholic Medical Center is to provide health, healing, and hope in a manner that offers innovative high quality services, compassion, and respect for the human dignity of every individual who seeks or needs our care as part of Christ's healing ministry through the Catholic Church.

Vision

Guided by our mission and values, we are committed to becoming the finest customer experience, lowest cost, best outcome provider in the region.

Values

- Treat others with **Compassion** and to promote social justice and equality
- Understand and believe **Human Dignity** with respect to the sanctity of human life from conception to natural death
- Continually strive for **Excellence** in what we do in regards to quality, patient safety, continuum of health, palliative care, hospice, etc.
- **Respect** patients, family and each other
- Promote **Patient Centered** Care with special attention to the poor, underserved and vulnerable

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

We will do this by...

CMC Healthcare System, Inc.

Audited Consolidated Financial Statements and Other Financial Information

Years Ended September 30, 2020 and 2019
With Independent Auditors' Report

Baker Newman & Noyes LLC
MAINE | MASSACHUSETTS | NEW HAMPSHIRE
800.244.7444 | www.bnncpa.com

CMC HEALTHCARE SYSTEM, INC.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

Years Ended September 30, 2020 and 2019

TABLE OF CONTENTS

Baker Newman & Noyes LLC
MAINE I MASSACHUSETTS I NEW HAMPSHIRE
800.244.7444 I www.bnncpa.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
CMC Healthcare System, Inc.

We have audited the accompanying consolidated financial statements of CMC Healthcare System, Inc., which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CMC Healthcare System, Inc. as of September 30, 2020 and 2019, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Baker Newman & Noyes LLC

Manchester, New Hampshire
February 23, 2021

CMC HEALTHCARE SYSTEM, INC.

CONSOLIDATED BALANCE SHEETS

September 30, 2020 and 2019

ASSETS

	2020	2019
Current assets:		
Cash and cash equivalents	$151,551,269	$ 56,249,490
Short-term investments	3,572,434	4,021,270
Accounts receivable	62,791,576	79,322,642
Inventories	4,836,875	4,600,802
Other current assets	16,427,148	14,198,223
Total current assets	239,179,302	158,392,427
Property, plant and equipment, net	147,642,544	143,111,363
Other assets:		
Intangible assets and other	17,118,765	18,600,614
Assets whose use is limited:		
Pension and insurance obligations	20,198,308	18,832,810
Board designated and donor restricted investments and restricted grants	151,252,801	129,341,870
Held by trustee under revenue bond agreements	1,345,012	18,845,355
	172,796,121	167,020,035
Total assets	$576,736,732	$487,124,439

LIABILITIES AND NET ASSETS

	2020	2019
Current liabilities:		
Accounts payable and accrued expenses	$ 57,352,176	$ 38,985,902
Accrued salaries, wages and related accounts	24,549,719	22,973,478
Amounts payable to third-party payors	21,159,306	11,456,467
Current portion of long-term debt	2,708,585	4,158,079
Total current liabilities	105,769,786	77,573,926
Accrued pension and other liabilities, less current portion	242,628,999	172,049,836
Long-term debt, less current portion	161,871,837	121,883,751
Total liabilities	510,270,622	371,507,513
Net assets:		
Without donor restrictions	39,470,152	104,372,035
With donor restrictions	26,995,958	11,244,891
Total net assets	66,466,110	115,616,926
Total liabilities and net assets	$576,736,732	$487,124,439

See accompanying notes.

CMC HEALTHCARE SYSTEM, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended September 30, 2020 and 2019

	2020	2019
Operating revenues:		
Patient service revenues	$391,158,922	$444,112,918
Other revenue	35,839,402	21,610,585
Disproportionate share funding	18,380,790	22,566,094
Total operating revenues	445,379,114	488,289,597
Operating expenses:		
Salaries, wages and fringe benefits	278,916,574	284,646,960
Supplies and other	170,961,809	169,119,057
New Hampshire Medicaid enhancement tax	22,054,486	21,382,132
Depreciation and amortization	16,221,934	16,902,437
Interest	4,334,625	4,224,046
Total expenses	492,489,428	496,274,632
Loss from operations	(47,110,314)	(7,985,035)
Nonoperating gains (losses):		
Investment income, net	9,801,818	4,120,862
Net periodic pension cost, other than service cost	(598,353)	(640,624)
Contributions without donor restrictions	1,337,194	834,004
Development costs	(570,636)	(739,596)
Other nonoperating loss	(3,744,929)	(3,135,699)
Total nonoperating gains, net	6,225,094	438,947
Deficiency of revenues and gains over expenses	(40,885,220)	(7,546,088)
Unrealized appreciation on investments	13,723	912,170
Change in fair value of interest rate swap agreement	(261,651)	(482,735)
Assets released from restriction used for capital	159,168	434,010
Pension-related changes other than net periodic pension cost	(23,927,903)	(55,070,402)
Change in net assets without donor restrictions	(64,901,883)	(61,753,045)
Net assets without donor restrictions at beginning of year	104,372,035	166,125,080
Net assets without donor restrictions at end of year	$ 39,470,152	$104,372,035

See accompanying notes.

CMC HEALTHCARE SYSTEM, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years Ended September 30, 2020 and 2019

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Net Assets
Balances at September 30, 2018	$166,125,080	$10,426,818	$176,551,898
Deficiency of revenues and gains over expenses	(7,546,088)	–	(7,546,088)
Restricted investment income	–	31,596	31,596
Changes in interest in perpetual trust	–	(110,168)	(110,168)
Donor restricted contributions	–	1,536,316	1,536,316
Unrealized appreciation on investments	912,170	15,219	927,389
Change in fair value of interest rate swap agreement	(482,735)	–	(482,735)
Assets released from restriction used for operations	–	(220,880)	(220,880)
Assets released from restriction used for capital	434,010	(434,010)	–
Pension-related changes other than net periodic pension cost	(55,070,402)	–	(55,070,402)
	(61,753,045)	818,073	(60,934,972)
Balances at September 30, 2019	104,372,035	11,244,891	115,616,926
Deficiency of revenues and gains over expenses	(40,885,220)	–	(40,885,220)
Restricted investment income	–	28,891	28,891
Changes in interest in perpetual trust	–	104,885	104,885
Donor restricted contributions	–	16,173,712	16,173,712
Unrealized appreciation on investments	13,723	69,508	83,231
Change in fair value of interest rate swap agreement	(261,651)	–	(261,651)
Assets released from restriction used for operations	–	(466,761)	(466,761)
Assets released from restriction used for capital	159,168	(159,168)	–
Pension-related changes other than net periodic pension cost	(23,927,903)	–	(23,927,903)
	(64,901,883)	15,751,067	(49,150,816)
Balances at September 30, 2020	$ 39,470,152	$26,995,958	$ 66,466,110

See accompanying notes.

CMC HEALTHCARE SYSTEM, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended September 30, 2020 and 2019

	2020	2019
Operating activities:		
Change in net assets	$ (49,150,816)	$(60,934,972)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	16,221,934	16,902,437
Pension-related changes other than net periodic pension cost	23,927,903	55,070,402
Restricted gifts and investment income	(16,202,603)	(1,567,912)
Net realized and unrealized gains on investments	(6,130,421)	(803,714)
Change in interest in perpetual trust	(104,885)	110,168
Change in fair value of interest rate swap agreement	261,651	482,735
Bond discount/premium and issuance cost amortization	(256,596)	(289,968)
Change in operating assets and liabilities:		
Accounts receivable	16,531,066	(23,995,656)
Inventories	(236,073)	(1,017,574)
Other current assets	(2,228,925)	(3,533,266)
Other assets	1,481,849	(1,049,682)
Accounts payable and accrued expenses	19,617,964	6,945,059
Accrued salaries, wages and related accounts	1,576,241	299,989
Amounts payable to third-party payors	9,702,839	(3,186,637)
Accrued pension and other liabilities	46,377,405	(5,978,340)
Net cash provided (used) by operating activities	61,388,533	(22,546,931)
Investing activities:		
Purchases of property, plant and equipment	(21,738,820)	(24,121,790)
Net change in assets held by trustee under revenue bond agreements	17,500,343	17,814,698
Proceeds from sales of investments	40,581,691	54,831,303
Purchases of investments	(51,180,354)	(31,397,904)
Net cash (used) provided by investing activities	(14,837,140)	17,126,307
Financing activities:		
Payments on long-term debt	(3,814,000)	(3,689,000)
Proceeds from issuance of long-term debt	42,993,018	3,513,632
Payments on capital leases	(426,101)	(676,199)
Bond issuance costs	(211,510)	(95,551)
Restricted gifts and investment income	10,208,979	767,912
Net cash provided (used) by financing activities	48,750,386	(179,206)
Increase (decrease) in cash and cash equivalents	95,301,779	(5,599,830)
Cash and cash equivalents at beginning of year	56,249,490	61,849,320
Cash and cash equivalents at end of year	$151,551,269	$ 56,249,490

Supplemental disclosure:
During 2020, the System entered into a capital lease obligation to finance certain equipment totaling $253,781.
At September 30, 2019, amounts totaling $1,251,690 related to the purchase of property, plant and equipment were included in accounts payable and accrued expenses.

See accompanying notes.

1. Organization

CMC Healthcare System, Inc. (the System) is a not-for-profit organization formed effective July 1, 2001. The System functioned as the parent company and sole member of Catholic Medical Center (the Medical Center) (until December 31, 2016, as discussed below), Physician Practice Associates, Inc. (PPA), Alliance Enterprises, Inc. (Enterprises), Alliance Resources, Inc. (Resources), Alliance Ambulatory Services, Inc. (AAS), Alliance Health Services, Inc. (AHS), Doctors Medical Association, Inc. (DMA) (dissolved during 2020) and St. Peter's Home, Inc. (SPH).

On December 30, 2016, the System became affiliated with Huggins Hospital (HH), a 25-bed critical access hospital in Wolfeboro, New Hampshire, and Monadnock Community Hospital (MCH), a 25-bed critical access hospital in Peterborough, New Hampshire, through the formation of a common parent, GraniteOne Health (GraniteOne). GraniteOne is a New Hampshire voluntary corporation that is recognized as being a Section 501(c)(3) tax-exempt and "supporting organization" within the meaning of Section 509(a)(3) of the Internal Revenue Code of 1986, as amended (the Code). GraniteOne serves as the sole member of HH and MCH and co-member of the Medical Center, along with the System. GraniteOne is governed by a thirteen member Board of Trustees appointed by each of the respective hospitals within the GraniteOne system. The GraniteOne Board of Trustees governs the GraniteOne system through the existence and execution of reserved powers to approve certain actions by the Boards of Trustees of each of the hospitals. Through GraniteOne, this more integrated healthcare system enhances the affiliated hospitals' ability to coordinate the delivery of patient care, implement best practices, eliminate inefficiencies and collaborate on regional planning. These efforts strengthen the hospitals' ability to meet the healthcare needs of their respective communities and provide for a more seamless patient experience across the continuum of care. The accompanying consolidated financial statements for the years ended September 30, 2020 and 2019 do not include the accounts and activity of GraniteOne, HH and MCH.

On September 30, 2019, GraniteOne, the Medical Center, the System, certain subsidiaries of the System, HH and MCH entered into a Combination Agreement (the Agreement) with Dartmouth-Hitchcock Health (D-HH) to combine GraniteOne and D-HH and its members into a more fully integrated healthcare delivery system. Pursuant to the terms of the Agreement, the parties intend to revise D-HH's corporate name to Dartmouth-Hitchcock Health GraniteOne (D-HH GO), which will continue to serve as the sole corporate member of the existing D-HH System Members (Mary Hitchcock Memorial Health and Dartmouth-Hitchcock Clinic, New London Hospital (NLH), Cheshire Medical Center (Cheshire), Mt. Ascutney Hospital and Health Center (MAHHC), Alice Peck Day Memorial Hospital (APD) and Visiting Nurse and Hospice for Vermont and New Hampshire (VNH)), and which will be substituted for GraniteOne as the sole corporate member of HH and MCH and as co-member, of the Medical Center and certain subsidiaries of the System (the Combination). The overarching goal of the Combination is to create a New Hampshire-based, integrated and regionally distributed health care delivery system that better serves its patients and communities. While the System will not be a component of the D-HH GO System, it will continue to serve as the corporate vehicle through which the Bishop of the Diocese of Manchester (the Bishop) ensures the Medical Center's adherence to the Ethical and Religious Directives for Catholic Health Care Services. Neither the System nor the Bishop will have authority over any other D-HH GO System Member, including HH and MCH. Subject to certain rights reserved to the Bishop and the System with respect to the Medical Center and the System's subsidiaries, D-HH GO will reserve to itself certain approval and initiation powers over the governance, financial, programmatic, administrative, and strategic decisions of D-HH GO System Members.

1. Organization (Continued)

On December 30, 2019, GraniteOne, the Medical Center, HH and MCH submitted a Joint Notice of Change of Control to the New Hampshire Attorney General, Director of Charitable Trusts pursuant to New Hampshire RSA 7:19-b beginning the regulatory review and approval process of the Combination. Subsequent to that date, the parties also continue to participate in the nonpublic antitrust regulatory review process. If all necessary approvals are obtained and closing conditions satisfied, D-HH GO will consist of a major academic medical center offering tertiary and quaternary services, an acute care community hospital in an urban setting (the Medical Center), an acute care community hospital in a rural setting (Cheshire), five rural critical access hospitals (NLH, MAHHC, APD, HH and MCH), a post-acute home health and hospice provider (VNH), and nearly 1,800 employed and affiliated primary and specialty care physicians. D-HH GO System Members will combine their resources to offer a broader array of inpatient, outpatient and ambulatory services.

2. Significant Accounting Policies

Basis of Presentation

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

Principles of Consolidation

The consolidated financial statements include the accounts of the Medical Center, PPA, Enterprises, Resources, AAS, AHS, DMA and SPH. Significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are made in the areas of valuation of accounts receivable, estimated settlements with third-party payors, accrued compensation and benefits, conditional asset retirement obligations, and insurance-related reserves.

Income Taxes

The System and all related entities, with the exception of Enterprises and DMA, are not-for-profit corporations as described in Section 501(c)(3) of the 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 the consolidated financial statements.

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

Enterprises and DMA are for-profit organizations and, in accordance with federal and state tax laws, file income tax returns, as applicable. There was no significant provision for income taxes for the years ended September 30, 2020 and 2019. There are no significant deferred tax assets or liabilities. These entities have concluded there are no significant uncertain tax positions requiring disclosure and there is no material liability for unrecognized tax benefits. It is the policy of these entities to recognize interest related to unrecognized tax benefits in interest expense and penalties in income tax expense.

Charity Care

The System has a formal charity care policy under which patient care is provided to patients who meet certain criteria without charge or at amounts less than its established rates. The System does not pursue collection of amounts determined to qualify as charity care; therefore, they are not reported as revenues.

Of the System's $492,489,428 total expenses reported for the year ended September 30, 2020, an estimated $7,900,000 arose from providing services to charity patients. Of the System's $496,274,632 total expenses reported for the year ended September 30, 2019, an estimated $7,700,000 arose from providing services to charity patients. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the System's total expenses divided by gross patient service revenue.

Concentration of Credit Risk

Financial instruments which subject the System to credit risk consist primarily of cash equivalents, accounts receivable and investments. The risk with respect to cash equivalents is minimized by the System's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. The System's accounts receivable are primarily due from third-party payors and amounts are presented net of expected explicit and implicit price concessions, including estimated implicit price concessions from uninsured patients. The System's investment portfolio consists of diversified investments, which are subject to market risk. Investments that exceeded 10% of investments include the SSGA S&P 500 Tobacco Free Fund as of September 30, 2020 and 2019, and the Dreyfus Treasury Securities Cash Management Fund as of September 30, 2019.

Cash and Cash Equivalents

Cash and cash equivalents include certificates of deposit with maturities of three months or less when purchased and investments in overnight deposits at various banks. Cash and cash equivalents exclude amounts whose use is limited by board designation and amounts held by trustees under revenue bond and other agreements. The System maintains approximately $147,000,000 and $52,000,000 at September 30, 2020 and 2019, respectively, of its cash and cash equivalent accounts with a single institution. The System has not experienced any losses associated with deposits at this institution.

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

Accounts Receivable

For accounts receivable resulting from revenue recognized prior to October 1, 2019, an allowance for doubtful accounts was established to reduce the carrying value of such receivables to their estimated net realizable value. Generally, this allowance was estimated based on the aging of accounts receivable, historical collection experience and other factors. Under the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which the System adopted effective October 1, 2019 using the full retrospective method, when an unconditional right to payment exists, subject only to the passage of time, the right is treated as a receivable. Patient accounts receivable for which the unconditional right to payment exists are receivables if the right to consideration is unconditional and only the passage of time is required before payment of that consideration is due. As a result of the full retrospective method adoption of ASU No. 2014-09, accounts receivable at September 30, 2020 and 2019 reflect the fact that any estimated uncollectible amounts are generally considered implicit price concessions that are a direct reduction to accounts receivable rather than allowance for doubtful accounts. At September 30, 2020 and 2019, estimated implicit price concessions of $28,756,009 and $20,265,887, respectively, have been recorded as reductions to accounts receivable balances to enable the System to record revenues and accounts receivable at the estimated amounts expected to be collected.

Inventories

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

Related Party Activity

The Medical Center has engaged in various transactions with GraniteOne, HH and MCH. The Medical Center recognized approximately $3.0 million and $3.3 million in revenue from these related parties for the years ended September 30, 2020 and 2019, respectively, which is reflected within other revenues in the accompanying consolidated statements of operations. The Medical Center also incurred expenses to these related parties of approximately $3.8 million and $2.5 million for the years ended September 30, 2020 and 2019, respectively, of which $600,000 and $800,000, respectively, is reflected within operating expenses. Additionally, approximately $3.2 million and $1.7 million as of September 30, 2020 and 2019, respectively, is reflected within nonoperating gains (losses) in the accompanying consolidated statement of operations. As of September 30, 2020, the Medical Center had a net amount due from these related parties of approximately $2.6 million, of which $7.6 million is reflected within other current assets and $5.0 million is reflected within accounts payable and accrued expenses in the accompanying 2020 consolidated balance sheet. As of September 30, 2019, the Medical Center had a net amount due from these related parties of approximately $2.6 million, of which $4.4 million is reflected within other current assets and $1.8 million is reflected within accounts payable and accrued expenses in the accompanying 2019 consolidated balance sheet.

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

Property, Plant and Equipment

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

Conditional Asset Retirement Obligations

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

As of September 30, 2020 and 2019, $1,010,695 and $1,036,702, respectively, of conditional asset retirement obligations are included within accrued pension and other liabilities in the accompanying consolidated balance sheets.

Goodwill

The System reviews its goodwill and other long-lived assets annually to determine whether the carrying amount of such assets is impaired. Upon determination that an impairment has occurred, these assets are reduced to fair value. There were no impairments recorded for the years ended September 30, 2020 or 2019. The net carrying value of goodwill is $4,490,154 at September 30, 2020 and 2019, and is reflected within intangible assets and other in the accompanying consolidated balance sheets.

Patient Service Revenues

Prior to the adoption of ASU 2014-09 by the System on October 1, 2019, the System recognized patient service revenue as services were rendered and reported revenue at the estimated net realizable amounts from patients, third-party payors and others for services rendered. On the basis of historical experience, a portion of the System's uninsured patients are unable or unwilling to pay for services provided. Thus, the System recorded a provision for doubtful accounts related to uninsured patients in the period the services were provided. The System adopted the new standard effective October 1, 2019, using the full retrospective method and updated its accounting policies related to revenues, as discussed below. The adoption of the new standard did not have an impact on the recognition of revenues for any periods prior to adoption.

2. Significant Accounting Policies (Continued)

Revenues generally relate to contracts with patients in which the System's performance obligations are to provide health care services to patients. Revenues are recorded during the period obligations to provide health care services are satisfied. Performance obligations for inpatient services are generally satisfied over a period of days. Performance obligations for outpatient services are generally satisfied over a period of less than one day. The contractual relationships with patients, in most cases, also involve a third-party payor (Medicare, Medicaid, managed care health plans and commercial insurance companies, including plans offered through the health insurance exchanges) and the transaction prices for the services provided are dependent upon the terms provided by Medicare and Medicaid or negotiated with managed care health plans and commercial insurance companies, the third-party payors. The payment arrangements with third-party payors for the services provided to related patients typically specify payments at amounts less than standard charges. Medicare generally pays for inpatient and outpatient services at prospectively determined rates based on clinical, diagnostic and other factors. Services provided to patients having Medicaid coverage are generally paid at prospectively determined rates per discharge, per identified service or per covered member. Agreements with commercial insurance carriers, managed care and preferred provider organizations generally provide for payments based upon predetermined rates per diagnosis, per diem rates or discounted fee-for-service rates. Management continually reviews the revenue recognition process to consider and incorporate updates to laws and regulations and the frequent changes in managed care contractual terms resulting from contract renegotiations and renewals.

The collection of outstanding receivables for Medicare, Medicaid, managed care payers, other third-party payors and patients is the System's primary source of cash and is critical to its operating performance. The primary collection risks relate to uninsured patient accounts, including patient accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but patient responsibility amounts (deductibles and copayments) remain outstanding. Implicit price concessions relate primarily to amounts due directly from patients. Estimated implicit price concessions are recorded for all uninsured accounts, regardless of the aging of those accounts. Accounts are written off when all reasonable internal and external collection efforts have been performed. The estimates for implicit price concessions are based upon management's assessment of historical write-offs and expected net collections, business and economic conditions, trends in federal, state and private employer health care coverage and other collection indicators. Management relies on the results of detailed reviews of historical write-offs and collections at facilities that represent a majority of hospital revenues and accounts receivable (the "hindsight analysis") as a primary source of information in estimating the collectability of accounts receivable. Management performs the hindsight analysis regularly, utilizing rolling twelve-month accounts receivable collection and write-off data. Management believes its regular updates to the estimated implicit price concession amounts provides reasonable estimates of revenues and valuations of accounts receivable. These routine, regular changes in estimates have not resulted in material adjustments to the valuations of accounts receivable or period-to-period comparisons of operations.

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

Retirement Benefits

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

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

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

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

The System also maintains tax-sheltered annuity benefit programs in which it matches one half of employee contributions up to 3% of their annual salary, depending on date of hire, plus an additional 3% - 5% based on tenure. Effective November 1, 2019, the amount based on tenure was reduced from 3% - 5% to 0% - 2%. The System made matching contributions under the program of $4,550,221 and $8,462,595 for the years ended September 30, 2020 and 2019, respectively.

During 2007, the Medical Center created a nonqualified deferred compensation plan covering certain employees under Section 457(b) of the Code. Under the plan, a participant may elect to defer a portion of their compensation to be held until payment in the future to the participant or his or her beneficiary. Consistent with the requirements of the Code, all amounts of deferred compensation, including but not limited to any investments held and all income attributable to such amounts, property, and rights will remain subject to the claims of the Medical Center's creditors, without being restricted to the payment of deferred compensation, until payment is made to the participant or their beneficiary. No contributions were made by the System for the years ended September 30, 2020 or 2019.

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

2. Significant Accounting Policies (Continued)

During 2007, the System created a supplemental executive retirement plan covering certain executives of the Medical Center under Section 457(f) of the Code. The System recorded compensation expense of $708,142 and $661,215 for the years ended September 30, 2020 and 2019, respectively, related to this plan.

Employee Fringe Benefits

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

Debt Issuance Costs/Original Issue Discount or Premium

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

Assets Whose Use is Limited or Restricted

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

Net Assets With Donor Restrictions

Gifts are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. Donated investments, supplies and equipment are reported at fair value at the date of receipt. Unconditional promises to give cash and other assets are reported at fair value at the date of the receipt of the promise. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of operations as either net assets released from restrictions (for noncapital related items) or as net assets released from restrictions used for capital purchases (capital related items). Some net assets with donor restrictions have been restricted by donors to be maintained by the System in perpetuity.

Except for contributions related to capital purchases, donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions within net assets without donor restrictions in the accompanying consolidated financial statements.

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

Pledges Receivable

Pledges receivable are recognized as revenue when the unconditional promise to give is made. Pledges expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The present value of estimated future cash flows is measured utilizing risk-free rates of return adjusted for market and credit risk established at the time a contribution is received.

Investments and Investment Income

Investments are carried at fair value in the accompanying consolidated balance sheets. See Note 8 for further discussion regarding fair value measurements. For 2020, investment income (including realized gains and losses on investments, interest and dividends) and the net change in unrealized gains and losses on equity securities, are included in the deficiency of revenues and gains over expenses in the accompanying consolidated statements of operations, unless the income or loss is restricted by donor or law. The change in net unrealized gains and losses on debt securities in 2020 and debt and equity securities in 2019 (prior to the effective date of ASU 2016-01 as discussed within the "Recent Accounting Pronouncements" section below) is reported as a separate component of the change in net assets without donor restrictions, except declines that are determined by management to be other than temporary, which are reported as an impairment charge (included in the deficiency of revenues and gains over expenses). No such losses were recorded in 2020 or 2019.

Derivative Instruments

Derivatives are recognized as either assets or liabilities in the consolidated balance sheets at fair value regardless of the purpose or intent for holding the instrument. Changes in the fair value of derivatives are recognized either in the deficiency of revenues and gains over expenses or net assets, depending on whether the derivative is speculative or being used to hedge changes in fair value or cash flows. See also Note 6.

Beneficial Interest in Perpetual Trust

The System is the beneficiary of trust funds administered by trustees or other third parties. Trusts wherein the System has the irrevocable right to receive the income earned on the trust assets in perpetuity are recorded as net assets with donor restrictions at the fair value of the trust at the date of receipt. Income distributions from the trusts are reported as investment income that increase net assets without donor restrictions, unless restricted by the donor. Annual changes in the fair value of the trusts are recorded as increases or decreases to net assets with donor restrictions.

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

Endowment, Investment and Spending Policies

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

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

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 funds.

Endowment funds are identified as perpetual 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.

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

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

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

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

2. Significant Accounting Policies (Continued)

Performance Indicator

Deficiency of revenues and gains over expenses is comprised of operating revenues and expenses and nonoperating gains and losses. For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operating revenue and expenses. Peripheral or incidental transactions are reported as nonoperating gains or losses, which include contributions without donor restrictions, development costs, net investment income (including realized gains and losses on the sales of investments and, for 2020 and subsequent years, unrealized gains and losses on equity investments), net periodic pension costs (other than service cost), other nonoperating losses, and contributions to community agencies.

Prior to the adoption of ASU 2016-01 on October 1, 2019, unrealized gains and losses on equity securities, other than trading securities or losses considered other than temporary, were excluded from the performance indicator. Effective October 1, 2019, unrealized gains and losses on equity securities are recorded within the performance indicator in order to conform to ASU 2016-01.

Federal Grant Revenue and Expenditures

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

Malpractice Loss Contingencies

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

In accordance with ASU No. 2010-24, "*Health Care Entities*" (Topic 954): *Presentation of Insurance Claims and Related Insurance Recoveries*, at September 30, 2020 and 2019, the System recorded a liability of $14,511,532 and $13,252,269, respectively, related to estimated professional liability losses covered under this policy. At September 30, 2020 and 2019, the System also recorded a receivable of $10,725,032 and $9,584,019, respectively, related to estimated recoveries under insurance coverage for recoveries of the potential losses. These amounts are included in accrued pension and other liabilities, and intangible assets and other, respectively, on the consolidated balance sheets.

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

Workers' Compensation

The System maintains workers' compensation insurance under a self-insured plan. The plan offers, among other provisions, certain specific and aggregate stop-loss coverage to protect the System against excessive losses. The System has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Accrued workers' compensation losses of $2,722,156 and $3,069,898 at September 30, 2020 and 2019, respectively, have been discounted at 1.25% and, in management's opinion, provide an adequate reserve for loss contingencies. At September 30, 2020, $1,163,491 and $1,558,665 is recorded within accounts payable and accrued expenses and accrued pension and other liabilities, respectively, in the accompanying consolidated balance sheets. The System has also recorded $176,804 and $329,062 within other current assets and intangible assets and other, respectively, in the accompanying consolidated balance sheets to limit the accrued losses to the retention amount at September 30, 2020. At September 30, 2019, $1,397,510 and $1,672,388 is recorded within accounts payable and accrued expenses and accrued pension and other liabilities, respectively, in the accompanying consolidated balance sheets. The System has also recorded $258,107 and $408,034 within other current assets and intangible assets and other, respectively, in the accompanying consolidated balance sheets to limit the accrued losses to the retention amount at September 30, 2019.

Health Insurance

The System has a self-funded health insurance plan. The plan is administered by an insurance company and the System has employed independent actuaries to estimate unpaid claims, and those claims incurred but not reported at fiscal year end. The System was insured above a stop-loss amount of $738,000 and $570,000 at September 30, 2020 and 2019, respectively, on individual claims. Estimated unpaid claims, and those claims incurred but not reported, at September 30, 2020 and 2019 of $3,461,250 and $2,334,000, respectively, are reflected in the accompanying consolidated balance sheets within accounts payable and accrued expenses.

Functional Expense Allocation

The costs of providing program services and other activities have been summarized on a functional basis in Note 11. Accordingly, costs have been allocated among program services and supporting services benefitted.

Advertising Costs

The System expenses advertising costs as incurred, and such costs totaled approximately $917,000 and $1,298,000 for the years ended September 30, 2020 and 2019, respectively.

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

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606).* The ASU supersedes the revenue recognition requirements in Topic 605 (Revenue Recognition) and most industry-specific guidance throughout the Industry Topics of Codification. The core principal of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The System adopted the new standard effective October 1, 2019 using the full retrospective method. The adoption of the new standard did not have an impact on the recognition of revenues for any periods prior to adoption. The most significant impact of adopting the new standard is the presentation of the consolidated statements of operations, where "patient service revenues" is presented net of estimated implicit and explicit price concession revenue deductions. The related presentation of "allowances for doubtful accounts" has also been eliminated from the consolidated balance sheets as a result of the adoption of the new standard.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* (ASU 2016-01). ASU 2016-01 requires equity securities to be measured at fair value with changes in fair value recognized through the deficiency of revenues and gains over expenses unless restricted by law or donors. ASU 2016-01 was effective for the System on October 1, 2019 and has been applied on a prospective basis. As a result of adopting ASU 2016-01, unrealized gains and losses on equity securities have been included in investment income, net in the 2020 consolidated statement of operations. ASU 2016-01 did not impact the accounting for investments in debt securities. As such, unrealized gains and losses on debt securities continue to be excluded from the deficiency of revenue and gains over expenses and reflected within the change in net assets.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). Due to diversity in practice, ASU 2018-08 clarifies the definition of an exchange transaction as well as the criteria for evaluating whether contributions are unconditional or conditional. ASU 2018-08 was effective for the System on October 1, 2019 and has been applied retrospectively to all periods presented. The adoption of ASU 2018-08 did not have a material impact on the System's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842),* which requires that lease arrangements longer than twelve months result in an entity recognizing an asset and liability. The pronouncement is effective for the System beginning October 1, 2022, with early adoption permitted. The guidance may be adopted retrospectively. The System is currently evaluating the impact this guidance will have on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* (ASU 2018-13). The amendments in this ASU modify the disclosure requirements for fair value measurements for Level 3 assets and liabilities, and eliminate the requirement to disclose transfers between Levels 1 and 2 of the fair value hierarchy, among other modifications. ASU 2018-13 is effective for the System on October 1, 2020, with early adoption permitted. The System is currently evaluating the impact that ASU 2018-13 will have on its consolidated financial statements.

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

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* ASU 2020-07 enhances the presentation of disclosure requirements for contributed nonfinancial assets. ASU 2020-07 requires entities to present contributed nonfinancial assets as a separate line item in the statement of operations and disclose the amount of contributed nonfinancial assets recognized within the statement of operations by category that depicts the type of contributed nonfinancial assets, as well as a description of any donor-imposed restrictions associated with the contributed nonfinancial assets and the valuation techniques used to arrive at a fair value measure at initial recognition. ASU 2020-07 is effective for the System for transactions in which they serve as the resource recipient beginning October 1, 2021, with early adoption permitted. The System is currently evaluating the impact of the pending adoption of ASU 2020-07 on its consolidated financial statements.

Risks and Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. Patient volumes and the related revenues for most services were significantly impacted in the last two weeks of March 2020 and continued to be impacted in the third and fourth quarters of fiscal 2020 as various policies were implemented by federal, state and local governments in response to the COVID-19 pandemic that have caused many people to remain at home and forced the closure of or limitations on certain businesses, as well as suspended elective procedures by health care facilities.

While some of these restrictions have been eased across the U.S. and the State of New Hampshire has lifted limitations on nonemergent procedures, some restrictions remain in place. While consolidated patient volumes and revenues experienced gradual improvement beginning in the latter part of April and continuing through the end of the fourth fiscal quarter, uncertainty still exists as the future is unpredictable. The System's pandemic response plan has multiple facets and continues to evolve as the pandemic unfolds. The System has taken precautionary steps to enhance its operational and financial flexibility, and react to the risks the COVID-19 pandemic presents on its operations, including the following:

- Implemented certain cost reduction initiatives;
- Issuance of a term loan totaling $35,000,000 to help fund general working capital and liquidity needs (Note 6);
- Elected to defer payments on employer payroll tax incurred through December 31, 2020 as provided for under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act;
- SPH obtained a $618,500 Paycheck Protection Program (PPP) Loan established by the CARES Act (Note 6);
- Since the declaration of the pandemic, the System received approximately $49.0 million of accelerated Medicare payments (Note 4), approximately $17.4 million in general and targeted Provider Relief Fund distributions and $7 million from the Governor's Office of Emergency Relief and Recovery (GOFERR), all as provided for under the CARES Act.

2. Significant Accounting Policies (Continued)

The System believes the extent of the COVID-19 pandemic's adverse impact on operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond control and ability to forecast. Such factors include, but are not limited to, the scope and duration of stay-at-home practices and business closures and restrictions, government-imposed or recommended suspensions of elective procedures, continued declines in patient volumes for an indeterminable length of time, increases in the number of uninsured and underinsured patients as a result of higher sustained rates of unemployment, incremental expenses required for supplies and personal protective equipment, and changes in professional and general liability exposure. Because of these and other uncertainties, the System cannot estimate the length or severity of the impact of the pandemic on its operations. Decreases in cash flows and results of operations may have an impact on the inputs and assumptions used in significant accounting estimates, including estimated implicit price concessions related to uninsured patient accounts, and professional and general liability reserves.

Distributions from the Provider Relief Fund and GOFERR are not subject to repayment, provided the System is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for healthcare-related expenses or lost revenue attributable to COVID-19. Such payments are accounted for as government grants, and are recognized on a systematic and rational basis as other income once there is reasonable assurance that the applicable terms and conditions required to retain the funds will be met. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and GOFERR and the impact of the pandemic on operating results through September 30, 2020, the System recognized approximately $17.1 million related to these funds, which is recorded within other revenue in the consolidated statements of operations for the year ended September 30, 2020.

The CARES Act also provides for a deferral of payments of the employer portion of payroll tax incurred during the pandemic, allowing half of such payroll taxes to be deferred until December 2021, and the remaining half until December 2022. At September 30, 2020, the System had deferred approximately $5.1 million of payroll taxes, which are recorded within accrued pension and other liabilities in the accompanying 2020 consolidated balance sheet.

Subsequent to year end, the System received an additional $6.2 million from GOFERR and approximately $4.1 million from the Provider Relief Fund. These payments are accounted for as government grants and are not subject to repayment, provided the System is able to comply with the conditions of the funding, including demonstrating that the distribution received has been used for healthcare-related expenses or lost revenue attributable to COVID-19. The System anticipates meeting the terms and conditions of these grants in the fiscal year ended September 30, 2021. No amounts related to these grants are reflected in these consolidated financial statements.

The System will continue to monitor compliance with the terms and conditions of the Provider Relief Fund, GOFERR grants, and other potential assistance programs and available grants, and the impact of the pandemic on revenues and expenses. If the System is unable to attest to or comply with current or future terms and conditions, the System's ability to retain some or all of the distributions received may be impacted.

Subsequent Events

Management of the System evaluated events occurring between the end of the System's fiscal year and February 23, 2021, the date the consolidated financial statements were available to be issued.

3. Financial Assets and Liquidity Resources

Financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs, consisted of the following at September 30, 2020:

Cash and cash equivalents	$151,551,269
Short-term investments	3,572,434
Accounts receivable	62,791,576
	$217,915,279

To manage liquidity, the System maintains sufficient cash and cash equivalent balances to support daily operations throughout the year. Cash and cash equivalents include bank deposits, money market funds, and other similar vehicles that generate a return on cash and provide daily liquidity to the System. In addition, the System has board-designated assets that can be utilized at the discretion of management to help fund both operational needs and/or capital projects. As of September 30, 2020, the balance in board-designated assets was approximately $118 million.

4. Patient Service Revenues

The System maintains contracts with the Social Security Administration ("Medicare") and the State of New Hampshire Department of Health and Human Services ("Medicaid"). The System is paid a prospectively determined fixed price for each Medicare and Medicaid inpatient acute care service depending on the type of illness or the patient's diagnosis related group classification. Capital costs and certain Medicare and Medicaid outpatient services are also reimbursed on a prospectively determined fixed price. The System receives payment for other Medicaid outpatient services on a reasonable cost basis which are settled with retroactive adjustments upon completion and audit of related cost finding reports. The percentage of patient service revenues earned from the Medicare and Medicaid programs was 36% and 4%, respectively, for the year ended September 30, 2020 and 37% and 5%, respectively, for the year ended September 30, 2019.

Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in patient service revenues in the year that such amounts become known. Such differences decreased patient service revenues by approximately $1.3 million for the year ended September 30, 2020. There were no significant differences recorded for the year ended September 30, 2019. Settlements for the Medical Center have been finalized through 2016 for both Medicare and Medicaid.

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

4. **Patient Service Revenues (Continued)**

As discussed in Note 2, during fiscal year 2020, the System requested accelerated Medicare payments as provided for in the CARES Act, which allows for eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. One year from the date of receipt of the advance payments (beginning April 2021) 25% of the advances will be recouped in the first eleven months. An additional 25% of the advances will be recouped in the next six months, with the entire amount repayable in 29 months. Any outstanding balance after 29 months is repayable at a 4% interest rate. During the third quarter of fiscal 2020, the System received approximately $49.0 million from these accelerated Medicare payment requests, of which the current portion due within a year, totaling approximately $6.7 million, is recorded under the caption "amounts payable to third-party payors" and the long-term portion, totaling approximately $42.3 million, in the caption "accrued pension and other liabilities" in the accompanying consolidated balance sheet for the year ended September 30, 2020.

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

An estimated breakdown of patient service revenues by major payor sources is as follows for the years ended September 30:

	2020	2019
Private payor (includes coinsurance and deductibles)	$232,469,236	$252,405,283
Medicaid	16,137,362	22,733,653
Medicare	141,363,073	166,389,950
Self-pay	1,189,251	2,584,032
	$391,158,922	$444,112,918

Medicaid Enhancement Tax and Disproportionate Share Payment

Under the State of New Hampshire's (the State) tax code, the State imposes a Medicaid Enhancement Tax (MET) equal to 5.40% of the Medical Center's patient service revenues with certain exclusions. The amount of tax incurred by the Medical Center for the years ended September 30, 2020 and 2019 was $22,054,486 and $21,382,132, respectively.

4. Patient Service Revenues (Continued)

In the fall of 2010, in order to remain in compliance with stated federal regulations, the State of New Hampshire adopted a new approach related to Medicaid disproportionate share funding (DSH) retroactive to July 1, 2010. Unlike the former funding method, the State's approach led to a payment that was not directly based on, and did not equate to, the level of tax imposed. As a result, the legislation created some level of losses at certain New Hampshire hospitals, while other hospitals realized gains. DSH payments from the State are recorded in operating revenues and amounted to $18,380,790 and $22,566,094 for the years ended September 30, 2020 and 2019, respectively, net of reserves referenced below.

The Centers for Medicare and Medicaid Services (CMS) has completed audits of the State's program and the disproportionate share payments made by the State from 2011 through 2016, the first years that those payments reflected the amount of uncompensated care provided by New Hampshire hospitals. It is possible that subsequent years will also be audited by CMS. The System has recorded reserves to address its potential exposure based on the audit results to date or any future redistributions. During 2020 and 2019, the System reduced the recorded reserves by approximately $725,000 and $4,300,000, respectively.

5. Property, Plant and Equipment

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

	Useful Lives	2020	2019
Land and land improvements	2-40 years	$ 4,273,200	$ 4,246,500
Buildings and improvements	2-40 years	140,967,192	137,678,182
Fixed equipment	3-25 years	47,221,433	47,021,894
Movable equipment	3-25 years	163,455,179	154,415,222
Construction in progress		16,735,109	8,565,604
		372,652,113	351,927,402
Less accumulated depreciation and amortization		(225,009,569)	(208,816,039)
Net property, plant and equipment		$ 147,642,544	$ 143,111,363

Depreciation expense amounted to $16,209,730 and $16,860,011 for the years ended September 30, 2020 and 2019, respectively.

The cost of equipment under capital leases was $8,098,308 and $7,844,527 at September 30, 2020 and 2019, respectively. Accumulated amortization of the leased equipment at September 30, 2020 and 2019 was $7,936,171 and $7,691,462, respectively. Amortization of assets under capital leases is included in depreciation and amortization expense.

6. Long-Term Debt and Notes Payable

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

	2020	2019
New Hampshire Health and Education Facilities Authority (the Authority) Revenue Bonds:		
Series 2012 Bonds with interest ranging from 4.00% to 5.00% per year and principal payable in annual installments ranging from $1,125,000 to $1,665,000 through July 2032	$ 17,045,000	$ 19,800,000
Series 2015A Bonds with interest at a fixed rate of 2.27% per year and principal payable in annual installments ranging from $185,000 to $1,655,000 through July 2040	21,030,000	21,650,000
Series 2015B Bonds with variable interest subject to interest rate swap described below and principal payable in annual installments ranging from $215,000 to $665,000 through July 2036	7,855,000	8,060,000
Series 2017 Bonds with interest ranging from 3.38% to 5.00% per year and principal payable in annual installments ranging from $2,900,000 to $7,545,000 beginning in July 2033 through July 2044	61,115,000	61,115,000
	107,045,000	110,625,000
Construction loans – see below	10,888,150	3,513,632
MOB LLC note payable – see below	7,564,500	7,798,500
Term loan – see below	35,000,000	–
PPP loan – see below	618,500	–
Capitalized lease obligations	171,759	344,079
Unamortized original issue premiums/discounts	4,687,958	5,057,437
Unamortized debt issuance costs	(1,395,445)	(1,296,818)
	164,580,422	126,041,830
Less current portion	(2,708,585)	(4,158,079)
	$161,871,837	$121,883,751

The Authority Revenue Bonds

In December 2012, the Medical Center, in connection with the Authority, issued $35,275,000 of tax-exempt fixed rate revenue bonds (Series 2012). Under the terms of the loan agreements, the Medical Center has granted the Authority a first collateralized interest in all gross receipts and a mortgage lien on existing and future property, plant and equipment. The proceeds of the Series 2012 bond issue were used to advance refund the remaining 2002A Bonds, advance refund certain 2002B Bonds, pay off a short term CAN note and fund certain capital purchases.

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

On September 3, 2015, the Authority issued $32,720,000 of Revenue Bonds, Catholic Medical Center Issue, Series 2015, consisting of the $24,070,000 aggregate principal amount Series 2015A Bonds and the $8,650,000 aggregate principal amount Series 2015B Bonds sold via direct placement to a financial institution. Although the Series 2015B Bonds were issued, they were not drawn on until July 1, 2016, as discussed below. Under the terms of the loan agreements, the Medical Center has granted the Authority a first collateralized interest in all gross receipts and a mortgage lien on existing and future property, plant and equipment.

The Series 2015A Bonds were issued to provide funds for the purpose of (i) advance refunding a portion of the outstanding 2006 Bonds in an amount of $20,655,000 to the first call date of July 1, 2016, (ii) funding certain construction projects and equipment purchases in an amount of approximately $3,824,000, and (iii) paying the costs of issuance related to the Series 2015 Bonds.

The Series 2015B Bonds were structured as drawdown bonds. On July 1, 2016, the full amount available under the Series 2015B Bonds totaling $8,650,000 was drawn upon and the proceeds in combination with cash contributed by the Medical Center totaling $555,000 were used to currently refund the remaining balance of the Series 2006 Bonds totaling $9,205,000.

On September 1, 2017, the Authority issued $61,115,000 of Revenue Bonds, Catholic Medical Center Issue, Series 2017. The Series 2017 Bonds were issued to fund various construction projects and equipment purchases, as well as pay certain costs of issuance related to the Series 2017 Bonds. Under the terms of the loan agreements, the Medical Center has granted the Authority a first collateralized interest in all gross receipts and a mortgage lien on existing and future property, plant and equipment.

The Medical Center has an agreement with the Authority, which provides for the establishment of various funds, the use of which is generally restricted to the payment of debt, as well as a construction fund related to the Series 2017 Bonds. These funds are administered by a trustee, and income earned on certain of these funds is similarly restricted.

Construction Loans

On July 1, 2019, the Medical Center established a nonrevolving line of credit up to $10,000,000 with a bank in order to fund the expansion of the Medical Center as discussed in Note 15. The line of credit bears interest at the LIBOR lending rate plus 0.75% (0.91% at September 30, 2020). In the event LIBOR is discontinued while the agreement remains in place, a replacement rate will be assigned, as determined by the bank. Advances from the line of credit are available through July 1, 2021, at which time the then outstanding line of credit balance will automatically convert to a term loan. Upon conversion, the Medical Center shall make monthly payments of principal and interest, assuming a 30-year level monthly principal and interest payment schedule, with a final maturity of July 1, 2029. The bank shall compute the schedule of principal payments based on the interest rate applicable on the conversion date. Payments of interest only are due on a monthly basis until the conversion date. The Medical Center has pledged gross receipts as collateral. As of September 30, 2020 and 2019, the Medical Center has drawn $9,999,979 and $3,513,632 on this line of credit, respectively.

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

On March 20, 2020, the Medical Center established a second nonrevolving line of credit up to $10,000,000 with a bank in order to further fund certain costs related to the expansion of the Medical Center. The line of credit bears interest at the LIBOR lending rate plus 0.75% (0.91% at September 30, 2020). In the event LIBOR is discontinued while the agreement remains in place, a replacement rate will be assigned, as determined by the bank. Advances from the line of credit are available through March 20, 2022, at which time the then outstanding line of credit balance will automatically convert to a term loan. Upon conversion, the Medical Center shall make monthly payments of principal and interest, assuming a 30-year level monthly principal and interest payment schedule, with a final maturity of March 20, 2030. The bank shall compute the schedule of principal payments based on the interest rate applicable on the conversion date. Payments of interest only are due on a monthly basis until the conversion date. The Medical Center has pledged gross receipts as collateral. As of September 30, 2020, the Medical Center has drawn $888,171 on this line of credit.

MOB LLC Note Payable

On March 27, 2018, the MOB LLC (a subsidiary of Enterprises) refinanced an existing note payable to a term loan totaling $8,130,000. Interest is fixed at 3.71% and is payable monthly. Principal payments of $19,500 are due in monthly installments beginning May 1, 2018, and continuing until March 27, 2028, at which time the remaining unpaid principal and interest shall be due in full. Under the terms of the loan agreement, the Medical Center and MOB LLC (the Obligated Group) has granted the bank a first collateralized interest in all gross receipts and a mortgage lien on existing and future property, plant and equipment. The Medical Center and the System also guarantee the note payable. Subsequent to year end, the fixed interest rate on this note payable was modified to a fixed rate of 4.52%. All other payment terms remained the same.

Term Loan

On August 21, 2020, the Medical Center entered into a term loan with a bank totaling $35,000,000 with the proceeds to be used for general working capital and liquidity purposes, as well as to pay the costs of issuance related to the term loan. Interest is fixed at 2.11%, and payments of interest only are due on a monthly basis through August 21, 2023, at which time the full principal amount outstanding is due, along with any accrued and unpaid interest. The Medical Center has pledged gross receipts as collateral, and the term loan is further secured by a mortgage until such time the aforementioned Authority bonds are no longer outstanding.

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

Payroll Protection Program (PPP) Loan

On May 5, 2020, SPH entered into a promissory note for an unsecured loan in the amount of $618,500 through the PPP established by the CARES Act and administered by the U.S. Small Business Administration (SBA). The PPP provides loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loan and accrued interest had original terms that were forgivable after eight weeks as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains its payroll levels. The amount of loan forgiveness would be reduced if the borrower terminated employees or reduced salaries during the eight-week period. Certain modifications to PPP loan terms were signed into law in June 2020 that changed the forgiveness, covered period and forgiveness periods. The PPP loan was made for the purpose of securing funding for salaries and wages of employees that may have otherwise been displaced by the outbreak of COVID-19, and the resulting detrimental impact on SPH's operations.

SPH intends to use the proceeds for purposes consistent with the PPP. While SPH currently believes that its use of the loan proceeds will meet conditions for forgiveness of the loan, as of the date of issuance of these consolidated financial statements, there is no assurance that SPH will not take actions that could cause SPH to be ineligible for forgiveness of the loan, in whole or in part. The unforgiven portion of the PPP loan bears interest at 1%. PPP loans require repayment of any amounts not forgiven beginning at the later of (a) ten months following the covered period, as defined, or (b) when the SBA remits any amounts forgiven to the lender. The PPP loan may be prepaid at any time without penalty. SPH has accounted for the PPP loan in accordance with FASB ASC Topic 470 and included the full $618,500 as debt in the consolidated balance sheet as of September 30, 2020.

The aggregate principal payments due on the revenue bonds, capital lease obligations and other debt obligations for each of the five years ending September 30 and thereafter are as follows:

2021	$ 2,708,585
2022	3,715,605
2023	38,242,649
2024	3,335,528
2025	3,428,471
Thereafter	109,857,071
	$161,287,909

Interest paid by the System totaled $4,667,385 (including capitalized interest of $48,613) for the year ended September 30, 2020 and $4,688,512 (including capitalized interest of $158,155) for the year ended September 30, 2019.

The fair value of the System's long-term debt is estimated using discounted cash flow analysis, based on the System's current incremental borrowing rate for similar types of borrowing arrangements. The fair value of the System's long-term debt, excluding capitalized lease obligations and the PPP loan, was approximately $174,000,000 and $128,000,000 at September 30, 2020 and 2019, respectively.

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

Debt Covenants

In conjunction with the revenue bonds, construction loans and term loan outlined above, the Medical Center is required to maintain a minimum debt service coverage ratio of 1.20. In conjunction with the MOB LLC note payable outlined above, the Obligated Group is also required to maintain a minimum debt service coverage ratio of 1.20. In anticipation of the potential impact of the COVID-19 pandemic on the System's operations as discussed in Note 2, the System entered into consent agreements with the various bank issuers involved to obtain a waiver of the debt service coverage ratio requirement for the fiscal year ending September 30, 2020, as well as for quarters ending December 31, 2020 and March 31, 2021 (the "affected period"). During the affected period, the various loan agreements were further modified to include a cash to debt requirement of 0.60. The Medical Center, as well as the Obligated Group for the MOB LLC note payable, was in compliance with this covenant as of September 30, 2020. Further, despite the waiver obtained, the Medical Center, as well as the Obligated Group for the MOB LLC note payable, were also in compliance with the minimum debt service coverage ratio as of September 30, 2020.

Derivatives

In January 2016, the Medical Center entered into an interest rate swap agreement with an initial notional amount of $8,650,000 in connection with its Series 2015B Bond issuance. The swap agreement hedges the Medical Center's interest exposure by effectively converting interest payments from variable rates to a fixed rate. The swap agreement is designated as a cash flow hedge of the underlying variable rate interest payments, and changes in the fair value of the swap agreement are reported as a change in net assets without donor restrictions. Under this agreement, the Medical Center pays a fixed rate equal to 1.482%, and receives a variable rate of 69.75% of the one-month LIBOR rate (0.11% at September 30, 2020). In the event LIBOR is discontinued while the agreement remains in place, a replacement rate will be assigned, as determined by the bank. Payments under the swap agreement began August 1, 2016 and the agreement will terminate August 1, 2025.

The fair value of the Medical Center's interest rate swap agreement amounted to a liability of $481,661 and $220,010 as of September 30, 2020 and 2019, respectively, which amount has been recorded within accrued pension and other liabilities in the accompanying consolidated balance sheets. The decrease in the fair value of this derivative of $261,651 and $482,735, respectively, has been included within the consolidated statements of changes in net assets as a change in net assets without donor restrictions for the years ended September 30, 2020 and 2019.

7. Operating Leases

The System has various noncancelable agreements to lease various pieces of medical equipment. The System also has noncancelable leases for office space and its physician practices. Rental expense under all leases for the years ended September 30, 2020 and 2019 was $4,422,377 and $4,847,292, respectively.

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

2021	$ 3,664,910
2022	3,393,745
2023	3,371,911
2024	3,206,378
2025	2,897,394
Thereafter	2,780,848
	$19,315,186

8. Investments and Assets Whose Use is Limited

Short-term investments and assets whose use is limited are comprised of the following at September 30:

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	$ 26,439,851	$ 26,439,851	$ 16,988,051	$ 16,988,051
U.S. federal treasury obligations	2,631,848	2,574,890	19,045,894	19,043,708
Marketable equity securities	49,734,005	44,589,576	44,292,283	41,130,117
Fixed income securities	40,706,741	40,136,827	38,160,610	38,096,345
Private investment funds	50,862,486	17,106,286	51,796,283	21,653,351
Pledges receivable	5,993,624	5,993,624	758,184	758,184
	$176,368,555	$136,841,054	$171,041,305	$137,669,756

Pledges receivable are due as follows at September 30:

	2020	2019
In one year or less	$ 225,000	$200,000
Between one and five years	5,799,152	600,000
	6,024,152	800,000
Less unamortized discount	(30,528)	(41,816)
	$5,993,624	$758,184

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

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

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

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

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

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

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

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

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

In determining the appropriate levels, the System performs a detailed analysis of the assets and liabilities. There have been no changes in the methodologies used at September 30, 2020 and 2019.

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

The following are descriptions of the valuation methodologies used:

U.S. Federal Treasury Obligations and Fixed Income Securities

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

Marketable Equity Securities

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

Private Investment Funds

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

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 private investment funds, the estimate of the fund manager or general partner may differ from actual values, and differences could be significant. Management believes that reported fair values of its private investment funds at the consolidated balance sheet dates are reasonable.

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

Fair Value on a Recurring Basis

The following table presents information about the System's assets and liabilities measured at fair value on a recurring basis based upon the lowest level of significant input to the valuations at September 30, 2020:

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 26,439,851	$ –	$ –	$ 26,439,851
U.S. federal treasury obligations	2,631,848	–	–	2,631,848
Marketable equity securities	49,734,005	–	–	49,734,005
Fixed income securities	40,706,741	–	–	40,706,741
	$119,512,445	$ –	$ –	119,512,445
Investments measured at net asset value: Private investment funds				50,862,486
Total investments at fair value				$170,374,931
Liabilities				
Interest rate swap agreement	$ –	$ –	$481,661	$ 481,661

Total investments, excluding pledges receivable, net, included the following as of September 30, 2020:

Short-term investments	$ 3,572,434
Assets whose use is limited	166,802,497
	$170,374,931

The following table presents information about the System's assets and liabilities measured at fair value on a recurring basis based upon the lowest level of significant input to the valuations at September 30, 2019:

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 16,988,051	$ –	$ –	$ 16,988,051
U.S. federal treasury obligations	19,045,894	–	–	19,045,894
Marketable equity securities	44,292,283	–	–	44,292,283
Fixed income securities	38,160,610	–	–	38,160,610
	$118,486,838	$ –	$ –	118,486,838
Investments measured at net asset value: Private investment funds				51,796,283
Total investments at fair value				$170,283,121
Liabilities				
Interest rate swap agreement	$ –	$ –	$220,010	$ 220,010

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

Total investments, excluding pledges receivable, net, included the following as of September 30, 2019:

Short-term investments	$ 4,021,270
Assets whose use is limited	166,261,851
	$170,283,121

The following table presents the liabilities carried at fair value as of September 30, 2020 and 2019 that are classified within Level 3 of the fair value hierarchy.

	Interest Rate Swap Agreement
Balance at September 30, 2018	$ 262,725
Unrealized losses	(482,735)
Balance at September 30, 2019	(220,010)
Unrealized losses	(261,651)
Balance at September 30, 2020	$(481,661)

There were no significant transfers between Levels 1, 2 or 3 for the years ended September 30, 2020 or 2019.

Net Asset Value Per Share

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

Category	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period
2020				
Private investment funds	$50,862,486	$ –	Daily/monthly	2-30 day notice
2019				
Private investment funds	$48,155,175	$ –	Daily/monthly	2-30 day notice
Private investment funds	3,641,108	–	Quarterly	30 day notice

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

Investment Strategies

U.S. Federal Treasury Obligations and Fixed Income Securities

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

Marketable Equity Securities

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

Private Investment Funds

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

Fair Value of Other Financial Instruments

Other financial instruments consist of accounts receivable, pledges receivable, accounts payable and accrued expenses, amounts payable to third-party payors and long-term debt. The fair value of all financial instruments other than long-term debt approximates their relative book values as these financial instruments have short-term maturities or are recorded at amounts that approximate fair value. See Note 6 for disclosure of the fair value of long-term debt.

9. Retirement Benefits

A reconciliation of the changes in the Catholic Medical Center Pension Plan, the Medical Center's Supplemental Executive Retirement Plan and the New Hampshire Medical Laboratories Retirement Income Plan projected benefit obligations and the fair value of assets for the years ended September 30, 2020 and 2019, and a statement of funded status of the plans for both years is as follows:

	Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan		New Hampshire Medical Laboratories Retirement Income Plan	
	2020	2019	2020	2019	2020	2019
Changes in benefit obligations:						
Projected benefit obligations at beginning of year	$ (322,354,937)	$(270,114,507)	$(4,060,910)	$(4,140,755)	$(3,151,251)	$(2,829,963)
Service cost	(1,500,000)	(1,500,000)	–	–	(20,000)	(25,000)
Interest cost	(9,916,373)	(11,301,910)	(103,480)	(154,744)	(86,108)	(114,026)
Benefits paid	8,975,011	7,935,050	402,974	408,853	180,887	173,921
Actuarial loss	(28,081,063)	(48,841,695)	(284,941)	(174,264)	(83,714)	(372,806)
Expenses paid	1,512,055	1,468,125	–	–	16,840	16,623
Projected benefit obligations at end of year	(351,365,307)	(322,354,937)	(4,046,357)	(4,060,910)	(3,143,346)	(3,151,251)
Changes in plan assets:						
Fair value of plan assets at beginning of year	189,347,537	185,414,590	–	–	2,126,777	2,140,827
Actual return on plan assets	13,874,454	5,194,931	–	–	155,283	56,327
Employer contributions	900,000	8,141,191	402,974	408,853	79,450	120,167
Benefits paid	(8,975,011)	(7,935,050)	(402,974)	(408,853)	(180,887)	(173,921)
Expenses paid	(1,512,055)	(1,468,125)	–	–	(16,840)	(16,623)
Fair value of plan assets at end of year	193,634,925	189,347,537	–	–	2,163,783	2,126,777
Funded status of plan at September 30	$(157,730,382)	$(133,007,400)	$(4,046,357)	$(4,060,910)	$ (979,563)	$(1,024,474)
Amounts recognized in the balance sheets consist of:						
Current liability	$ –	$ –	$ (391,845)	$ (391,100)	$ –	$ –
Noncurrent liability	(157,730,382)	(133,007,400)	(3,654,512)	(3,669,810)	(979,563)	(1,024,474)
	$(157,730,382)	$(133,007,400)	$(4,046,357)	$(4,060,910)	$ (979,563)	$(1,024,474)

The net loss for the defined benefit pension plans that will be amortized from net assets without donor restrictions into net periodic benefit cost over the next fiscal year is $5,682,549.

The current portion of accrued pension costs included in the above amounts for the System amounted to $391,845 and $391,100 at September 30, 2020 and 2019, respectively, and has been included in accounts payable and accrued expenses in the accompanying balance sheets.

The amounts recognized in net assets without donor restrictions for the years ended September 30 consist of:

	Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan		New Hampshire Medical Laboratories Retirement Income Plan	
	2020	2019	2020	2019	2020	2019
Amounts recognized in the balance sheets – total plan:						
Net assets without donor restrictions:						
Net loss	$(184,255,049)	$(160,478,700)	$(2,283,807)	$(2,141,585)	$(1,911,183)	$(1,902,167)
Net amount recognized	$(184,255,049)	$(160,478,700)	$(2,283,807)	$(2,141,585)	$(1,911,813)	$(1,902,167)

9. Retirement Benefits (Continued)

Net periodic pension cost includes the following components for the years ended September 30:

	Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan		New Hampshire Medical Laboratories Retirement Income Plan	
	2020	2019	2020	2019	2020	2019
Service cost	$ 1,500,000	$ 1,500,000	$ –	$ –	$ 20,000	$ 25,000
Interest cost	9,916,373	11,301,910	103,480	154,744	86,108	114,026
Expected return on plan assets	(14,104,929)	(13,738,629)	–	–	(156,196)	(155,594)
Amortization of actuarial loss	4,535,189	2,767,405	142,719	134,713	75,611	62,049
Net periodic pension cost	$ 1,846,633	$ 1,830,686	$ 246,199	$ 289,457	$ 25,523	$ 45,481

Other changes in plan assets and benefit obligations recognized in net assets without donor restrictions for the years ended September 30, 2020 and 2019 consist of:

	Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan		New Hampshire Medical Laboratories Retirement Income Plan	
	2020	2019	2020	2019	2020	2019
Net loss	$ 28,311,854	$ 57,388,232	$ 284,941	$ 174,264	$ 84,627	$ 472,073
Amortization of actuarial loss	(4,535,189)	(2,767,405)	(142,719)	(134,713)	(75,611)	(62,049)
Net amount recognized	$ 23,776,665	$ 54,620,827	$ 142,222	$ 39,551	$ 9,016	$ 410,024

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

	Target Allocation		Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan		New Hampshire Medical Laboratories Retirement Income Plan	
	2020	2019	2020	2019	2020	2019	2020	2019
Cash and cash equivalents	5.0%	5.0%	3.8%	3.5%	0.0%	0.0%	3.8%	3.5%
Equity securities	65.0	65.0	64.6	68.5	0.0	0.0	64.6	68.5
Fixed income securities	20.0	20.0	26.2	24.6	0.0	0.0	26.2	24.6
Other	10.0	10.0	5.4	3.4	0.0	0.0	5.4	3.4
	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%	100.0%	100.0%

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

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

	Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan		New Hampshire Medical Laboratories Retirement Income Plan	
	2020	2019	2020	2019	2020	2019
Discount rate	2.57%	3.12%	1.77%	2.70%	2.22%	2.93%
Rate of compensation increase	N/A	N/A	N/A	N/A	N/A	N/A

9. Retirement Benefits (Continued)

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

	Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan		New Hampshire Medical Laboratories Retirement Income Plan	
	2020	2019	2020	2019	2020	2019
Discount rate	3.12%	4.23%	2.70%	3.93%	2.93%	4.10%
Rate of compensation increase	N/A	N/A	N/A	N/A	N/A	N/A
Expected long-term return on plan assets	7.30%	7.30%	N/A	N/A	7.30%	7.30%

The System expects to make employer contributions totaling $8,068,000 to the Catholic Medical Center Pension Plan for the fiscal year ending September 30, 2021. Expected employer contributions to the Pre-1987 Supplemental Executive Retirement Plan and New Hampshire Medical Laboratories Retirement Income Plan for the fiscal year ending September 30, 2021 are not expected to be significant.

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

	Catholic Medical Center Pension Plan	Pre-1987 Supplemental Executive Retirement Plan	New Hampshire Medical Laboratories Retirement Income Plan
2021	$10,137,410	$ 395,313	$195,788
2022	10,938,462	378,344	195,084
2023	11,804,843	360,829	194,854
2024	12,549,170	342,785	191,853
2025	13,336,323	324,241	189,821
2026 - 2030	76,346,547	1,329,733	892,848

The System contributed $900,000, $402,974 and $79,450 to the Catholic Medical Center Pension Plan, the Pre-1987 Supplemental Executive Retirement Plan and New Hampshire Medical Laboratories Retirement Income Plan, respectively, for the year ended September 30, 2020. The System contributed $8,141,191, $408,853 and $120,167 to the Catholic Medical Center Pension Plan, the Pre-1987 Supplemental Executive Retirement Plan and New Hampshire Medical Laboratories Retirement Income Plan, respectively, for the year ended September 30, 2019. The System plans to make any necessary contributions during the upcoming fiscal 2021 year to ensure the plans continue to be adequately funded given the current market conditions.

9. **Retirement Benefits (Continued)**

The following fair value hierarchy table presents information about the financial assets of the above plans measured at fair value on a recurring basis based upon the lowest level of significant input valuation as of September 30:

	Level 1	Level 2	Level 3	Total
2020				
Cash and cash equivalents	$ 7,404,411	$ –	$ –	$ 7,404,411
Marketable equity securities	50,261,789	–	–	50,261,789
Fixed income securities	51,332,484	–	–	51,332,484
	$108,998,684	$ –	$ –	108,998,684
Investments measured at net asset value:				
Private investment funds				86,800,024
Total investments at fair value				$195,798,708
2019				
Cash and cash equivalents	$ 6,607,245	$ –	$ –	$ 6,607,245
Marketable equity securities	48,731,127	–	–	48,731,127
Fixed income securities	47,028,757	–	–	47,028,757
	$102,367,129	$ –	$ –	102,367,129
Investments measured at net asset value:				
Private investment funds				89,107,185
Total investments at fair value				$191,474,314

10. **Community Benefits**

The System rendered charity care in accordance with its formal charity care policy, which, at established charges, amounted to $21,622,497 and $22,670,908 for the years ended September 30, 2020 and 2019, respectively. Also, the System provides community service programs, without charge, such as the Medication Assistance Program, Community Education and Wellness, Patient Transport, and the Parish Nurse Program. The costs of providing these programs amounted to $820,761 and $977,697 for the years ended September 30, 2020 and 2019, respectively.

11. Functional Expenses

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

	Healthcare Services	General and Administrative	Total
2020			
Salaries, wages and fringe benefits	$232,497,773	$46,418,801	$278,916,574
Supplies and other	130,099,534	40,862,275	170,961,809
New Hampshire Medicaid enhancement tax	22,054,486	–	22,054,486
Depreciation and amortization	9,775,267	6,446,667	16,221,934
Interest	3,182,303	1,152,322	4,334,625
	$397,609,363	$94,880,065	$492,489,428
2019			
Salaries, wages and fringe benefits	$241,819,757	$42,827,203	$284,646,960
Supplies and other	132,091,040	37,028,017	169,119,057
New Hampshire Medicaid enhancement tax	21,382,132	–	21,382,132
Depreciation and amortization	10,590,235	6,312,202	16,902,437
Interest	3,178,047	1,045,999	4,224,046
	$409,061,211	$87,213,421	$496,274,632

The consolidated financial statements report certain expense categories that are attributable to more than one healthcare service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, such as depreciation and interest, are allocated to a function based on square footage. Supporting activities that are not directly identifiable with one or more healthcare programs are classified as general and administrative. If it is impossible or impractical to make a direct identification, allocation of the expenses were made according to management's estimates. Employee benefits are allocated in accordance with the ratio of salaries and wages of the functional classes. Specifically identifiable costs are assigned to the function which they are identified to.

12. Concentration of Credit Risk

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

	2020	2019
Medicare	39%	45%
Medicaid	10	12
Commercial insurance and other	24	24
Patients (self pay)	10	5
Anthem Blue Cross	17	14
	100%	100%

13. Endowments and Net Assets With Donor Restrictions

Endowments

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

Endowment net assets consist of the following at September 30:

	Without Donor Restrictions	With Donor Restrictions	Total
2020			
Board-designated endowment funds	$117,950,965	$ –	$117,950,965
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	–	7,342,731	7,342,731
Accumulated investment gains	–	3,340,810	3,340,810
Total endowment net assets	$117,950,965	$10,683,541	$128,634,506

13. **Endowments and Net Assets With Donor Restrictions (Continued)**

	Without Donor Restrictions	With Donor Restrictions	Total
2019			
Board-designated endowment funds	$110,175,169	$ –	$110,175,169
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	–	7,342,731	7,342,731
Accumulated investment gains	–	2,902,160	2,902,160
Total endowment net assets	$110,175,169	$10,244,891	$120,420,060

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

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at September 30, 2018	$107,832,023	$10,426,818	$118,258,841
Investment return (loss), net	1,909,136	(63,353)	1,845,783
Contributions	–	536,316	536,316
Appropriation for operations	–	(220,880)	(220,880)
Appropriation for capital	434,010	(434,010)	–
Balance at September 30, 2019	110,175,169	10,244,891	120,420,060
Investment return (loss), net	7,616,628	203,284	7,819,912
Contributions	–	861,295	861,295
Appropriation for operations	–	(466,761)	(466,761)
Appropriation for capital	159,168	(159,168)	–
Balance at September 30, 2020	$117,950,965	$10,683,541	$128,634,506

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Medical Center to retain as a fund of perpetual duration. There were no such deficiencies as of September 30, 2020 or 2019.

13. Endowments and Net Assets With Donor Restrictions (Continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at September 30:

	2020	2019
Funds subject to use or time restrictions:		
Capital acquisitions	$10,496,923	$ 258,494
Health education	762,350	909,765
Indigent care	382,851	168,437
Pledges receivable	5,993,624	758,184
	17,635,748	2,094,880
Funds of perpetual duration	9,360,210	9,150,011
	$26,995,958	$11,244,891

14. Investments in Joint Ventures

AAS has a 44% ownership interest in the Bedford Ambulatory Surgical Center. AAS accounts for its investment in this joint venture under the equity method.

AAS has a 50% ownership interest in the Alliance Urgent Care Services, LLC. AAS accounts for its investment in this joint venture under the equity method.

The Medical Center, along with four other participating hospitals and Tufts Health Plan, formed Tufts Health Freedom Plan (THFP), a joint venture. THFP is a health insurance company which began operations as of January 1, 2016. The Medical Center had an approximate 12% ownership interest in this joint venture. During 2020, a stock purchase agreement was entered into by the participating hospitals to collectively sell their ownership in THFP. As a result of the sale, the Medical Center received approximately $3.1 million in proceeds and recognized a gain on the sale of approximately $743,000, which is reflected within investment income in the 2020 consolidated statement of operations.

Selected financial information relating to the above entities for the years ended September 30, 2020 and 2019 is not shown as such amounts are not significant to the consolidated financial statements.

15. Commitments and Contingencies

Litigation

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

Regulatory

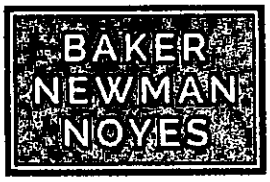
The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Government activity continues with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result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

Development Agreement

During fiscal year 2019, the Medical Center entered into a development agreement with PJC Manchester Realty, LLC ("Rite Aid") in regards to the Medical Center's acquisition of certain property owned by Rite Aid. Pursuant to the development agreement, the Medical Center acquired certain property from Rite Aid for approximately $6.9 million, inclusive of certain costs expected to be incurred to construct a new building that Rite Aid will own and occupy at a separate location. The purchase of the property from Rite Aid allows the Medical Center to expand its campus. Amounts paid under the development agreement are recorded by the Medical Center as land acquisition costs, and totaled approximately $4.6 million at the end of fiscal year 2019.

During fiscal year 2020, the Medical Center completed the construction of the new Rite Aid building. The Medical Center certified delivery of the building on September 18, 2020 and transferred the building pursuant to a certain Transfer Agreement dated as of September 25, 2020 conveying all of its rights, title and interest in the Rite Aid building to Rite Aid.

There remains some deferred construction commitments at September 30, 2020 set forth in an amendment to the development agreement entered into on July 31, 2019, such as work on the parking area behind the Rite Aid building, a permanent island and landscaping which will be completed in future years. The cost estimates have not been completed but are estimated to be less than $250,000 in total.



Baker Newman & Noyes LLC
MAINE I MASSACHUSETTS I NEW HAMPSHIRE
800.244.7444 I www.bnncpa.com

INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
CMC Healthcare System, Inc.

We have audited the consolidated financial statements of CMC Healthcare System, Inc. (the System) as of and for the years ended September 30, 2020 and 2019, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Newman & Noyes LLC

Manchester, New Hampshire
February 23, 2021

CMC HEALTHCARE SYSTEM, INC.

CONSOLIDATING BALANCE SHEET

September 30, 2020

ASSETS

	Catholic Medical Center	Physician Practice Associates	Alliance Enterprises	Alliance Resources	Alliance Ambu-latory Services	Alliance Health Services	Doctors Medical Association	Saint Peter's Home	Elimi-nations	Consolidated
Current assets:										
Cash and cash equivalents	$145,233,907	$ 91,674	$ 2,953,724	$ 1,372,044	$ 674,016	$ 272,941	$ –	$ 952,963	$ –	$151,551,269
Short-term investments	3,572,434	–	–	–	–	–	–	–	–	3,572,434
Accounts receivable	61,539,666	–	(1,517)	–	–	1,253,427	–	–	–	62,791,576
Inventories	4,836,875	–	–	–	–	–	–	–	–	4,836,875
Other current assets	14,879,612	(3,967)	34,326	6,199	178,426	1,297,621	–	34,931	–	16,427,148
Total current assets	230,062,494	87,707	2,986,533	1,378,243	852,442	2,823,989	–	987,894	–	239,179,302
Property, plant and equipment, net	124,241,261	–	8,338,298	14,131,864	–	46,093	–	885,028	–	147,642,544
Other assets:										
Intangible assets and other	11,121,094	–	–	–	5,997,671	–	–	–	–	17,118,765
Assets whose use is limited:										
Pension and insurance obligations	20,198,308	–	–	–	–	–	–	–	–	20,198,308
Board designated and donor restricted investments and restricted grants	143,624,053	6,921	–	–	–	–	–	7,621,827	–	151,252,801
Held by trustee under revenue bond agreements	1,345,012	–	–	–	–	–	–	–	–	1,345,012
	165,167,373	6,921	–	–	–	–	–	7,621,827	–	172,796,121
Total assets	$520,592,222	$ 94,628	$11,324,831	$15,510,107	$6,850,113	$2,870,082	$ –	$9,494,749	$ –	$576,736,732

LIABILITIES AND NET ASSETS

	Catholic Medical Center	Physician Practice Associates	Alliance Enterprises	Alliance Resources	Alliance Ambulatory Services	Alliance Health Services	Doctors Medical Association	Saint Peter's Home	Eliminations	Consolidated
Current liabilities:										
Accounts payable and accrued expenses	$ 55,166,060	$ 134,933	$ 228,227	$ 35,962	$ –	$1,645,791	$ –	$ 141,203	$ –	$ 57,352,176
Accrued salaries, wages and related accounts	20,275,946	4,063,782	–	–	–	–	–	209,991	–	24,549,719
Amounts payable to third-party payors	21,159,306	–	–	–	–	–	–	–	–	21,159,306
Due to(from) affiliates	633,615	(599,463)	15,915	(117,393)	–	70,685	–	(3,359)	–	–
Current portion of long-term debt	2,474,585	–	234,000	–	–	–	–	–	–	2,708,585
Total current liabilities	99,709,512	3,599,252	478,142	(81,431)	–	1,716,476	–	347,835	–	105,769,786
Accrued pension and other liabilities, less current portion	228,490,557	12,733,466	996,968	71,606	–	336,402	–	–	–	242,628,999
Long-term debt, less current portion	154,012,926	–	7,240,411	–	–	–	–	618,500	–	161,871,837
Total liabilities	482,212,995	16,332,718	8,715,521	(9,825)	–	2,052,878	–	966,335	–	510,270,622
Net assets (deficit):										
Without donor restrictions	21,383,269	(16,238,090)	2,609,310	15,519,932	6,850,113	817,204	–	8,528,414	–	39,470,152
With donor restrictions	26,995,958	–	–	–	–	–	–	–	–	26,995,958
Total net assets (deficit)	48,379,227	(16,238,090)	2,609,310	15,519,932	6,850,113	817,204	–	8,528,414	–	66,466,110
Total liabilities and net assets	$530,592,222	$ 94,628	$11,324,831	$15,510,107	$6,850,113	$2,870,082	$ –	$9,494,749	$ –	$576,736,732

CMC HEALTHCARE SYSTEM, INC.

CONSOLIDATING STATEMENT OF OPERATIONS

Year Ended September 30, 2020

	Catholic Medical Center	Physician Practice Associates	Alliance Enterprises	Alliance Resources	Alliance Ambu-latory Services	Alliance Health Services	Doctors Medical Association	Saint Peter's Home	Eliminations	Consolidated
Patient service revenues	$375,630,562	$ –	$ –	$ –	$ –	$15,528,360	$ –	$ –	$ –	$391,158,922
Other revenue	29,651,099	19,130,225	1,996,534	1,571,269	1,139,618	1,223,656	88,019	3,088,245	(22,049,263)	35,839,402
Disproportionate share funding	18,380,790	–	–	–	–	–	–	–	–	18,380,790
Total revenues	423,662,451	19,130,225	1,996,534	1,571,269	1,139,618	16,752,016	88,019	3,088,245	(22,049,263)	445,379,114
Expenses:										
Salaries, wages and fringe benefits	218,459,139	59,686,240	20,000	–	–	16,441,151	–	3,268,132	(18,958,088)	278,916,574
Supplies and other	163,016,025	2,597,918	926,367	954,619	–	6,167,545	90,747	299,763	(3,091,175)	170,961,809
New Hampshire Medicaid enhancement tax	22,054,486	–	–	–	–	–	–	–	–	22,054,486
Depreciation and amortization	15,065,079	–	320,658	611,686	–	30,435	–	194,076	–	16,221,934
Interest	4,030,869	–	303,756	–	–	–	–	–	–	4,334,625
Total expenses	422,625,598	62,284,158	1,570,781	1,566,305	–	22,639,131	90,747	3,761,971	(22,049,263)	492,489,428
Income (loss) from operations	1,036,853	(43,153,933)	425,753	4,964	1,139,618	(5,887,115)	(2,728)	(673,726)	–	(47,110,314)
Nonoperating gains (losses):										
Investment income	9,411,269	27	–	–	1,252	–	–	389,270	–	9,801,818
Net periodic pension cost, other than service cost	(566,142)	(26,688)	(5,523)	–	–	–	–	–	–	(598,353)
Contributions without donor restrictions	1,337,194	–	–	–	–	–	–	–	–	1,337,194
Development costs	(570,636)	–	–	–	–	–	–	–	–	(570,636)
Other nonoperating loss	(3,744,929)	–	–	–	–	–	–	–	–	(3,744,929)
Total nonoperating gains, net	5,866,756	(26,661)	(5,523)	–	1,252	–	–	389,270	–	6,225,094
Excess (deficiency) of revenues over expenses	6,903,609	(43,180,594)	420,230	4,964	1,140,870	(5,887,115)	(2,728)	(284,456)	–	(40,885,220)
Unrealized appreciation on investments	13,723	–	–	–	–	–	–	–	–	13,723
Change in fair value of interest rate swap agreement	(261,651)	–	–	–	–	–	–	–	–	(261,651)
Assets released from restriction used for capital	159,168	–	–	–	–	–	–	–	–	159,168
Pension-related changes other than net periodic pension cost	(21,784,987)	(2,133,900)	(9,016)	–	–	–	–	–	–	(23,927,903)
Net transfers (to) from affiliates	(43,158,906)	40,059,000	(920,550)	–	(1,625,000)	5,725,000	(79,544)	–	–	–
Change in net assets without donor restrictions	$(58,129,044)	$ (5,255,494)	$ (509,336)	$ 4,964	$ (484,130)	$ (162,115)	$ (82,272)	$ (284,456)	$ –	$(64,901,883)

CMC HEALTHCARE SYSTEM, INC.

CONSOLIDATING BALANCE SHEET

September 30, 2019

ASSETS

	Catholic Medical Center	Physician Practice Associates	Alliance Enterprises	Alliance Resources	Alliance Ambu-latory Services	Alliance Health Services	Doctors Medical Association	Saint Peter's Home	Elimi-nations	Consolidated
Current assets:										
Cash and cash equivalents	$ 47,897,010	$ 2,391,045	$ 3,445,644	$ 705,932	$ 603,153	$ 222,020	$ 75,443	$ 909,243	$ –	$ 56,249,490
Short-term investments	4,021,270	–	–	–	–	–	–	–	–	4,021,270
Accounts receivable	78,067,491	–	(3,076)	–	–	1,258,227	–	–	–	79,322,642
Inventories	4,600,802	–	–	–	–	–	–	–	–	4,600,802
Other current assets	12,780,425	(22,443)	14,433	65,943	–	1,335,176	–	24,689	–	14,198,223
Total current assets	147,366,998	2,368,602	3,457,001	771,875	603,153	2,815,423	75,443	933,932	–	158,392,427
Property, plant and equipment, net	118,690,076	–	8,550,580	14,715,075	–	76,528	–	1,079,104	–	143,111,363
Other assets:										
Intangible assets and other	11,869,524	–	–	–	6,731,090	–	–	–	–	18,600,614
Assets whose use is limited:										
Pension and insurance obligations	18,832,810	–	–	–	–	–	–	–	–	18,832,810
Board designated and donor restricted investments and restricted grants	122,116,666	–	–	–	–	–	–	7,225,204	–	129,341,870
Held by trustee under revenue bond agreements	18,845,355	–	–	–	–	–	–	–	–	18,845,355
	159,794,831	–	–	–	–	–	–	7,225,204	–	167,020,035
Total assets	$417,721,429	$ 2,368,602	$12,007,581	$15,486,950	$7,334,243	$2,891,951	$ 75,443	$9,238,240	$ –	$487,124,439

LIABILITIES AND NET ASSETS

	Catholic Medical Center	Physician Practice Associates	Alliance Enterprises	Alliance Resources	Alliance Ambulatory Services	Alliance Health Services	Doctors Medical Association	Saint Peter's Home	Eliminations	Consolidated
Current liabilities:										
Accounts payable and accrued expenses	$ 36,870,043	$ 101,896	$ 116,826	$ 14,945	$ –	$1,557,916	$ 9,312	$ 314,964	$ –	$ 38,985,902
Accrued salaries, wages and related accounts	18,604,407	4,256,637	–	–	–	–	–	112,434	–	22,973,478
Amounts payable to third-party payors	11,456,467	–	–	–	–	–	–	–	–	11,456,467
Due to (from) affiliates	991,062	(876,484)	33,830	(112,489)	–	(17,750)	(16,141)	(2,028)	–	–
Current portion of long-term debt	3,924,079	–	234,000	–	–	–	–	–	–	4,158,079
Total current liabilities	71,846,058	3,482,049	384,656	(97,544)	–	1,540,166	(6,829)	425,370	–	77,573,926
Accrued pension and other liabilities, less current portion	160,696,816	9,869,149	1,041,879	69,526	–	372,466	–	–	–	172,049,836
Long-term debt, less current portion	114,421,351	–	7,462,400	–	–	–	–	–	–	121,883,751
Total liabilities	346,964,225	13,351,198	8,888,935	(28,018)	–	1,912,632	(6,829)	425,370	–	371,507,513
Net assets (deficit):										
Without donor restrictions	79,512,313	(10,982,596)	3,118,646	15,514,968	7,334,243	979,319	82,272	8,812,870	–	104,372,035
With donor restrictions	11,244,891	–	–	–	–	–	–	–	–	11,244,891
Total net assets (deficit)	90,757,204	(10,982,596)	3,118,646	15,514,968	7,334,243	979,319	82,272	8,812,870	–	115,616,926
Total liabilities and net assets	$437,721,429	$ 2,368,602	$12,007,581	$15,486,950	$7,334,243	$2,891,951	$ 75,443	$9,238,240	$ –	$487,124,439

CMC HEALTHCARE SYSTEM, INC.

CONSOLIDATING STATEMENT OF OPERATIONS

Year Ended September 30, 2019

	Catholic Medical Center	Physician Practice Associates	Alliance Enterprises	Alliance Resources	Alliance Ambu-latory Services	Alliance Health Services	Doctors Medical Association	Saint Peter's Home	Eliminations	Consolidated
Patient service revenues less provision for doubtful accounts	$428,511,924	$ –	$ –	$ –	$ –	$15,600,994	$ –	$ –	$ –	$444,112,918
Other revenue	14,687,063	21,730,371	2,029,569	1,348,691	2,450,518	589,283	114,787	3,296,789	(24,636,486)	21,610,585
Disproportionate share funding	22,566,094	–	–	–	–	–	–	–	–	22,566,094
Total revenues	465,765,081	21,730,371	2,029,569	1,348,691	2,450,518	16,190,277	114,787	3,296,789	(24,636,486)	488,289,597
Expenses:										
Salaries, wages and fringe benefits	227,559,475	59,819,529	25,000	–	–	15,345,730	–	3,293,166	(21,395,940)	284,646,960
Supplies and other	161,282,151	2,859,148	829,215	886,058	–	6,095,729	129,091	278,211	(3,240,546)	169,119,057
New Hampshire Medicaid enhancement tax	21,382,132	–	–	–	–	–	–	–	–	21,382,132
Depreciation and amortization	15,741,819	–	310,579	613,839	–	34,602	–	201,598	–	16,902,437
Interest	3,913,935	–	310,111	–	–	–	–	–	–	4,224,046
Total expenses	429,879,512	62,678,677	1,474,905	1,499,897	–	21,476,061	129,091	3,772,975	(24,636,486)	496,274,632
Income (loss) from operations	35,885,569	(40,948,306)	554,664	(151,206)	2,450,518	(5,285,784)	(14,304)	(476,186)	–	(7,985,035)
Nonoperating gains (losses):										
Investment income	3,875,387	–	–	–	14,106	–	–	231,369	–	4,120,862
Net periodic pension cost, other than service cost	(595,606)	(24,537)	(20,481)	–	–	–	–	–	–	(640,624)
Contributions without donor restrictions	834,004	–	–	–	–	–	–	–	–	834,004
Development costs	(739,596)	–	–	–	–	–	–	–	–	(739,596)
Other nonoperating (loss) gain	(3,153,699)	–	–	–	–	–	–	18,000	–	(3,135,699)
Total nonoperating gains, net	220,490	(24,537)	(20,481)	–	14,106	–	–	249,369	–	438,947
Excess (deficiency) of revenues over expenses	36,106,059	(40,972,843)	534,183	(151,206)	2,464,624	(5,285,784)	(14,304)	(226,817)	–	(7,546,088)
Unrealized appreciation (depreciation) on investments	1,026,222	–	–	–	–	–	–	(114,052)	–	912,170
Change in fair value of interest rate swap agreement	(482,735)	–	–	–	–	–	–	–	–	(482,735)
Assets released from restriction used for capital	434,010	–	–	–	–	–	–	–	–	434,010
Pension-related changes other than net periodic pension cost	(51,110,160)	(3,550,218)	(410,024)	–	–	–	–	–	–	(55,070,402)
Net transfers (to) from affiliates	(46,133,644)	42,163,000	120,167	700,000	(2,500,000)	5,650,000	–	477	–	–
Change in net assets without donor restrictions	$(60,160,248)	$ (2,360,061)	$ 244,326	$ 548,794	$ (35,376)	$ 364,216	$ (14,304)	$ (340,392)	$ –	$(61,753,045)

Catholic Medical Center
Board of Trustees – 2021

John G. Cronin, Esq., ***Chair***
Cronin, Bisson & Zalinsky, P.C.

Neil Levesque, ***Vice Chair***
NH Institute of Politics

Matthew Kfoury, ***Secretary***
Central Paper Company

*Pamela Diamantis, **Treasurer***
Curbstone Financial Management Corp

Patricia Furey, MD, *ex officio*
President of CMC Medical Staff
Vein and Vascular Specialists

Carolyn G. Claussen, MD
Willowbend Family Practice

Louis I. Fink, MD
New England Heart & Vascular Institute

Susan M. Kinney, RN, MSN

Joseph Pepe, MD, *ex officio*
CEO
Catholic Medical Center

John J. Munoz, MD
Manchester Urology Associates, PA

Catherine Provencher, CPA
University of New Hampshire

Derek McDonald, *ex officio*
Bishop's Delegate for Health Care
Diocese of Manchester

Timothy Riley
Harbor Group

Marie McKay
Bigelow & Company

Carrie Perry, Sr. Executive Assistant / Board Liaison
603-663-6552 / carrie.perry@cmc-nh.org

LORRIE B. WOODWARD, M.B.A., MT(ASCP)

EXPERIENCE

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

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

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

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

DARTMOUTH HITCHCOCK MEDICAL CENTER, Lebanon, NH — 2003 - 2008

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

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

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

EDUCATION

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

MEMBERSHIPS

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

Jane M. Steckowych

EDUCATION

September 1984-May 1987	Boston University School of Public Health, Boston, MA. Master of Public Health Environmental Health Studies
August 1980-May 1981	Mary Hitchcock Memorial Hospital Hanover, N.H. Clinical Internship Medical Technology Certification
September 1977-May 1981	University of New Hampshire Durham, N.H.; Bachelor of Science Magna Cum Laude G.P.A. 3.55

EXPERIENCE

April 2015-present	Catholic Medical Center Manchester, NH Technical Operations Manager
April 2008-April 2015	Elliot Hospital Manchester, NH Generalist: Medical Technologist
2002-2007	Lab Corp/Path Labs Manchester, NH Generalist: Medical Technologist
July 1994-April 2008	New Hampshire Medical Labs Manchester, New Hampshire Medical Technologist
August 1993-June 1994	Cooley Dickinson Hospital Northampton, MA. Medical Technologist Generalist, All Departments, All Shifts Supervisor, Blood Bank
April 1992-May 1992	National Louis University Evanston, Il. Hematology Instructor
July 1991-June 1993	Evanston Hospital, Evanston, IL. Manager-Hematology, Coagulation, And Clinical Microscopy. Duties include scheduling, budgets, Quality Assurance, personnel issues, CLIA implementation and technical Proficiency. The Special Coagulation

Lab and Cancer Center Lab were also my Responsibilities.

January 1990-July 1991 — Evanston Hospital, Evanston, Il.
Assistant Manager-Hematology Dept.
Supplies and Inventory, Coordinate Daily workload and duties, Preparing Timecards, Troubleshooting equipment And Acting as Manager when needed.

June 1989-January 1990 — Evanston Hospital, Evanston, Il.
Staff Medical Technologist
Hematology, Clinical Microscopy, Bone Marrows and Coagulation.

October 1988-May 1989 — New Hampshire Medical Laboratories
Manchester, N.H.
Hematology Supervisor
Responsibilities include coordinate Daily workload and duties, liaison to Hospital departments and physicians, Instrument troubleshooting, Quality control assessment, schedules, Coordinate phlebotomy practices, Communication Task Force, Quality Circle member, working up new policies And procedures, and bench work.

March 1987-October 1988 — New Hampshire Medical Laboratories
Manchester, N.H.
Medical Technologist, Assistant Supervisor Evening Shift
Duties include rotation through all areas of the Lab, scheduling, Maintenance and troubleshooting.

June 1981-March 1987 — Catholic Medical Center
Manchester,N.H.
Medical Technologist, ASCP
Duties similar to employment at New Hampshire Medical Laboratories.

April 1983-September 1983 — Baker, Pappas and Dastin Advertising
Manchester, N.H. Salesperson

ORGANIZATIONS/HONORS

The American Society of Clinical Pathologists, Chicago Metropolitan Hematology Society, Alpha Epsilon Delta Premedical Honor Society, Who's Who in American Students, Medical Technology Merit Award.

STEPHANIE R. PAYEUR, MBA, MT(ASCP)

Healthcare Experience

Hospital Corporation of America (HCA) Parkland Medical Center - Derry, New Hampshire
Director-Laboratory, Respiratory, Neurodiagnostics & Sleep Lab **2012 - present**

- Director for the Laboratory, Respiratory, Neurodiagnostics and Sleep Lab Services, totaling 44 FTEs
- Graduate of HCA Capital Division Leadership Institute Academy– July 2019
- Responsible for the on-time opening of 2 new Laboratory operations at new medical office building at 31 Stiles Rd, Salem NH. One Laboratory servicing the Urgent Care, second one servicing the Oncology clinic.
- Initiated new program for Direct Access Laboratory testing in 2015 for patients without insurance. Cash only program generating ~30K per year in cash revenue.
- Project Team member to assist in opening of new Eating Disorders Unit (PMC) and Teleneurology-Telestroke projects (PMC) 2018
- Interim Lab Director at Portsmouth Regional Hospital (77 FTEs), NH **5/2018-7/2019**
    - Stabilized lab operations
    - Opened new Free Standing ER in Dover, NH – April 2019
    - Successful CAP Inspections at Seabrook FSED and Main Lab
    - Microbiology Consolidation Project between Parkland and Portsmouth Labs
- Frist Humanitarian Award Recipient 2016

Manager-Laboratory, Dartmouth Hitchcock Medical Center, Lebanon, NH **2010-2012**
Led the laboratory through a new EMR conversion from a homegrown system to the Epic EMR. Extensive project management experience and strong leadership skills. Lab Information Systems management is integral to all lab operations and I have the keen ability to use technology and my thorough understanding of lab operations to improve, streamline, and economize operations. Additional duties include management of the Inpatient and Outpatient Phlebotomy teams to include 5 Patient Service Centers and 40 FTEs.

Supervisor-Laboratory, Concord Hospital, Concord, NH **1995-2010**
Responsible for the overall functionality of multiple LIS modules (SoftLab,Path,A/R,Mic/BB) to include clinical, anatomic, financial and compliance. Interacting extensively with all sections of the laboratory and external departments as well to include IT, Finance, Revenue Cycle Management and HIMS. I have implemented many new policies and procedures to increase the efficiency of all systems, to meet compliance and regulatory requirements, as well as enhance the productivity of all users. I have extensive knowledge of all aspects of laboratory operations. Strong skills in automation integration and project management, and recent experience with a CPOE implementation. Served as Evening/Night Shift Supervisor as well. Directly supervised 30 FTEs.

Education

Master of Business Administration, University of New Hampshire - May 2010

Bachelor of Science, Medical Laboratory Science University of New Hampshire - May 1995

Community & Leadership

Southern New Hampshire Leadership Academy- Salem NH Chamber of Commerce	Feb-June 2018
Henniker Rotary Club	2017-present
Chairperson, Budget Advisory Committee- Town of Henniker NH	2016-2019
Chairperson, Economic Development Committee-Town of Henniker NH	2016-2019
President, NH-VT Clinical Laboratory Management Association	2010-2012

References & transcripts available upon request.

RENEE JACKSON

CAREER OBJECTIVE

Hardworking Phlebotomy Coordinator with an organized and detail-oriented approach to keeping the department running smoothly and efficiently on a daily basis. Knowledgeable about related procedures and administrative requirements. Offering 14 plus years of progressive healthcare experience.

CORE COMPETENCIES

- Customer Service
- Cost Efficient
- Detailed and organized
- Multidisciplinary team collaboration

PROFESSIONAL EXPERIENCE

CATHOLIC MEDICAL CENTER – MANCHESTER, NH

Phlebotomy Coordinator, February 2017 – present

- Assist team members with completing complex tasks.
- Maintain training and competency records for lab staff and hospital staff.
- Performed yearly competencies.
- Made the schedules for the Out Patient Service Centers.
- Performed patient registration and ordered test in Soft Lab system.
- Verified Diagnosis codes
- Trained new staff on how to perform procedures, adhere to compliance requirements, and maximize productivity.
- Collect blood samples using vacutainer tubes, tourniquets, butterfly needles, and straight needles.
- Resolved unusual test orders by contacting physicians, nurses, or reference laboratories.
- Handled insurance verification tasks utilizing All Scripts and Relay Health Clearance to validate patient insurance information.
- Spoke with patient to gather information for lab records, reduce fear or anxiety, and optimize cooperation.
- Accurately labeled vacutainer tubes in the presence of the patient with patient's name, date of birth, date and time of collection, and my initials.
- Order supplies and send Invoices to Accounts Payable
- Receive instructions from Phlebotomy Supervisor
- Communicate via phone, email, and fax

CATHOLIC MEDICAL CENTER – MANCHESTER, NH

Phlebotomist III/CLA III January 2008 – February 2017

- Draw blood proficiently and in a timely manner.
- Communicates with patients, physicians, nurses, and fellow phlebotomists.
- Train new staff in Specimen Procurement and Specimen Processing.
- Pull manifest
- Works well with others
- Participates in group projects
- Communicate via phone, email, and fax

EDUCATION

SAINT ANSELM COLLEGE, MANCHESTER, NH
Bachelor of Art in Humanities May 2000

ADDITIONAL SKILLS

- Proficient in patient confidentiality
- Multidisciplinary team collaboration
- Time management

Sharon Todt, PBT (ASCP) cm

EXPERIENCE

CATHOLIC MEDICAL CENTER, Manchester, NH — 2010 - Present
A 330-bed acute care facility, specializing in cardiac care.

Phlebotomist
Responsible for the registration, identification, collection, labeling and processing of patient specimens at the patient service centers, main hospital facility, and various client sites, according to established methods and procedures.

Phlebotomist
Littleton Regional Hospital, Littleton, NH — 2005 - 2010
Responsible for collection, labeling and processing of patient specimens within the hospital and drop offs.

LNA
Dr. John Spicer, Littleton, NH — 1998 - 2000
Responsible for rooming patients, taking vital signs to include charting, procure patients as needed.

EDUCATION

GED
Boonton High School, Boonton, New Jersey

MEMBERSHIPS/CERTIFICATIONS

American Society of Clinical Pathologists Certification: PBT (ASCP) cm

CMC
CATHOLIC MEDICAL CENTER

PHLEBOTOMY WORK HISTORY

NAME: Calley Edwards

HOME ADDRESS: _____

_____

DATE OF HIRE: 6/15/2016

FT/PT/Per Diem: Full Time.

TRAINING/CERTIFICATION: (Give dates and organization/school)

Lincoln Technical Institute 2011-2012

PREVIOUS WORK EXPERIENCE: (Give addresses, dates, and duties)

Dr. Tanya Zouzas 7/2012 - 6/2016
225 Chelmsford St. Chelmsford, MA
Duties included Checking Patients in for appts., rooming Patients, checking vitals, gathering appropriate medical info and managing small laboratory.

This work history is accurate and complete to the best of my knowledge.

Calley Edwards
SIGNATURE

8/6/2018
DATE

6/9/14
plj

Catholic Medical Center

Application for Employment

We consider applicants for all positions without regard to race, color, Religion, creed, national origin, age, disability, sexual orientation, marital status, or any other legally protected status.

Position Applied For

Position: Phlebotomist
Facility: Catholic Medical Center
Department: Lab - PSC MOB
Schedule: Full-time (30 - 40 Hours)
Req Num: 7056

Instructions to Applicant

1. You must fully and accurately complete the Application for employment. Incomplete applications will not be considered. Catholic Medical Center may use the information given in the application to investigate the applicant's previous employment and background.
2. The Application for Employment will be considered inactive after 90 days. If you wish to be considered after that time, you must complete a new Application for Employment.
3. If you are hired, proof of citizenship or immigration status will be required to verify your lawful right to work in the United States.
4. Please note that Catholic Medical Center conducts background screens on all new hires. Each applicant is required to complete a Catholic Medical Center application form and a criminal background investigation form as part of the application process. Each of these forms includes an authorization for release of information and release of liability for Catholic Medical Center and its agents. Failure to complete these forms and/or refusal to sign the authorization and release will render you ineligible for employment by Catholic Medical Center.

   The background checks that Catholic Medical Center may include education and employment verifications, criminal records check, social security number verification, professional licensure verification and history, and driving record. Pursuant to the Fair Credit Reporting Act, you have the right to file a written request with Catholic Medical Center within a reasonable period of time for a complete and accurate disclosure of the nature and scope of the investigation requested by Catholic Medical Center.

   If you have any questions about the application process, please feel free to speak with your recruiter. Thank you for considering Catholic Medical Center as a prospective new employer.

*** required information**

May 11, 2015

YOUR INFORMATION

First Name: *	Calley
Last Name: *	Edwards
Social Security Number:	
E-mail: *	
Date available to start work:	5/26/2015
Salary Requirement:	
Shift Desired:	(X) Day (X) Evening (_) Night
Work status desired:	(X) Full time (_) Part time (_) Per Diem
How did you hear about employment at Catholic Medical Center?*	CMC Employee Referral
If other or Employee referral source please enter:	Denise Shannon

OTHER INFORMATION REQUIRED

Street Address:

Apartment #:

City:

State:

Zip Code:

Home Telephone: *

Alternative Telephone:

Please answer all of the following questions.

Are you at least 18 years old?

Do you have a work permit?

Are you legally eligible to work in the United States?
Visa class registration

Have you ever been employed by Catholic Medical Center ?
If Yes, give dates of employment?

Were you ever employed under another name?
If Yes, what was that name?

Do you currently or have you ever worked at CMC through a nursing agency?
When? What agency?

Have you ever had a professional license or permit denied, suspended, or revoked, or voluntarily surrendered?
If yes, explain:

Have you ever been discharged by an employer?
If yes, explain:

Have you ever been (a) convicted of a criminal offense related to health care or (b) listed by the government as debarred, excluded or otherwise ineligible for federal program (i.e.,medicare) participation? revoked?
If yes, explain:

Have you been convicted of a felony or misdemeanor or narcotics violation? Arrests or charges that have been expunged need not be disclosed. A conviction will not necessarily disqualify an applicant employment.
If yes, please explain:

EDUCATION

High School

Name of school:* Lowell High School

Years completed?* 4

Street:* 150 Father Morisette Blvd

Degree Type:* HIGH SCHOOL

City:* lowell

Did you graduate?* Yes

State:* MA Province:

Zip:* 01854

Country:* united states

Technical

Name of school:* Lincoln Technical Institute
Street:* 211 Plain Street
City:* lowell
State:* MA Province:
Zip:* 01852
Country:* united states

Major:* Medical Assistant
Degree Type:* NO DEGREE
Did you graduate?* Yes

MILITARY EXPERIENCE (To be completed if you have or have had service in the U.S. Armed Forces)

Month/Year Started | Branch of service | Supervisor
Month/Year Ended | Last assignment/Address
Final Rank/Title: | Final Wage:
Duties:

YOUR PROFESSIONAL LICENSE & CERTIFICATION INFORMATION

Type	State	Number	Date Issued	Expiration Date	Temp / Perm

Please list any other applicable skills:

YOUR PREVIOUS EMPLOYMENT

Please list present and past employment beginning with most recent.

1. Current/most recent employer:

Name of Company: Dr. Tanya Zouzas
Street: 227 Chelmsford Street
City: Chelmsford
State: MA
Zip: 01824
Employer's Phone: 978-250-0032
Other Name(s) Used:
Job Title: medical assistant/lab technician
Employed From: 07 2012
Employed To:
OR (X) Currently Employed
Starting Salary: 12.50/hr
Ending Salary: 14.50/hr
Supervisor's Name: Lori Maldonado
Employment Status: Full Time

Job Duties and Responsibilities:
On a daily basis, I checked patients in before appointments and performed eligibility checks on insurance and verified information. I brought patients into exam rooms and took vitals, verified past medical history, medications and discussed chief complaint. I would report to provider and assist with entering lab orders and help to type report of encounter with patient.Once provider was finished with exam, I would proceed to collect blood, urine and oral specimens to send to lab. I would verify patients name DOB and date of service before labeling specimens and sending to lab. I also performed call backs to patients, referrals, entering prescriptions and answering incoming calls.

Reason For Leaving:
I have a family I need to provide for and I was not getting enough hours or pay.

May we contact this employer for a reference?
Yes

Do you have additional work history to add?
No

RESUME

Resume
To cut and paste your resume:
1. Highlight the text on the resume you want to copy.
2. Press 'Ctrl C' to copy (Hold down the Ctrl key and press C).
3. Place the cursor in the **RESUME** box below.
4. Press 'Ctrl V' to paste the information.

Cover Letter

Resume
Calley Edwards

Professional Summary
Responsible and reliable medical assistant proficient in specimen collection with passionate commitment for patient care. Goal oriented and professional work ethic at all times. Able to learn quickly and adapt to changing work setting.

Skills
Time Management
Specimen Collections
Work well in group setting
Professional and reliable
Working with EMR system
Monitoring patient care
Communication

Experience
Dr. Tanya Zouzas, DO 07/2012-Present
My job duties included checking patients in before appointments and verifying contact information. Patients were brought into exam rooms and I reviewed medical history, medications and chief complaints. Information was reported to appropriate provider and entered into patients electronic chart and assisted in completing office note. Blood, urine and oral specimens were collected, labeled and sent out for testing. Other daily tasks included patient call backs, confirming appointments, setting up appointments with other providers, answering incoming calls, referrals, prior authorizations for testing and ordering correct supplies for in office lab.

Education
Medical Assistant Certification
Lincoln Technical Institute Lowell, MA 10/2012
High School Diploma
Lowell High School Lowell, MA 06/2011

Community Service
Volunteer at Lowell Assembly Of God childrens church
Volunteer at Lowell Humane Society

PROFESSIONAL REFERENCES (OTHER THAN RELATIVES)

Please list five references who you have worked with in a professional setting.

Name	Position	Address	Phone Number	Number of Years Known
Lori Maldonado	Medical Assistant			3

READ AND SIGN

Read the following carefully before signing.

I understand that if offered a position, I will be required to pass a physical examination to determine my ability to perform the essential functions of the position, submit employment eligibility proof(I-9), and that employment may be terminated at will. If hired, I agree to be bound by all policies, rules and regulations of my employer. I understand that only the Human Resources Department is authorized to act as an agent of the employer with respect to terms, conditions and offers of employment.

I understand that if I am hired, my employment will be for no definite period, regardless of the period of payment of my wages. I further understand that I have the right to terminate my employment at any time with or without notice, and CMC has the same right. No one other then the president of CMC or the Vice President of Human Resources has the authority to modify this relationship or make any agreement to the contrary. Any such modification or agreement must be in writing.

I understand that CMC may contact my previous employers, schools, or persons listed as references to give any information regarding employment or education. I authorize those employers, schools and references to disclose to CMC all records and other information pertinent to my application for employment with CMC. I agree that CMC , my previous employers, schools, and references will not be liable in any respect if a job offer is not extended, is withdrawn, or my employment is terminated because of false statements, omissions, or other information on this application. I also authorize CMC in the event that I am hired to provide truthful information concerning my employment with CMC to my future prospective employers, and I agree to hold it harmless for providing such information.

I understand that CMC will check the Office of Inspector Generals List of Sanctioned Individuals and Providers both prior to hiring and on an annual basis.

I certify that all of the information that I provide on this application and in any interview will be complete, true, and accurate. I understand that if I am employed, and any such information is later found to be incomplete, false or misleading in any respect, I may be discharged. I also understand that if I am employed by CMC, and subsequently am convicted of a crime (other than a minor motor vehicle offense) or found to be in violation of a rule of any federal healthcare program including Medicare, I must immediatly notify CMC's Vice President of Human Resources.

* (X) **I understand Catholic Medical Center conducts pre-employment drug screenings within 48 hours of all job offers. Failure to submit to a drug screening within the 48 hours will result in the job offer being rescinded.**

My typed name below shall have the same force and effect as my written signature.

Candidate's/Applicant's Signature: Calley Edwards

Date: 05/11/2015

CONTRACTOR NAME

Key Personnel

Name	Job Title	Salary	% Paid from this Contract	Amount Paid from this Contract
Lorrie Woodward	Executive Director, Laboratory	$143,500.00	0.1%	$143.50
Jane Steckowych	Manager, Laboratory	$106,741.43	0.1%	$106.74
Stephanie Payeur	Supervisor, Client Services	$102,515.00	1.0%	$1025.15
Renee Jackson	Supervisor, Phlebotomy	$66,414.40	1.0%	$664.14
Calley Edwards	Phlebotomy Coordinator	$42,640.00	5.0%	$2,132.00
Sharon Todt	Phlebotomist III	$43,180	4.0%	$1,727.23

CMC Laboratory Response:

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

JUN06'19 AM10:05 DAS

STATE OF NEW HAMPSHIRE

DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION FOR CHILDREN, YOUTH & FAMILIES

Jeffrey A. Meyers
Commissioner

Joseph E. Ribsam, Jr.
Director

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

May 31, 2019

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

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division for Children, Youth and Families, to enter into a **sole source** amendment to an existing agreement with Catholic Medical Center Laboratory (Vendor # 177240R003), 100 McGregor St. Manchester, NH 03102, to provide laboratory services for the John H. Sununu Youth Services Center (SYSC) by increasing the price limitation by $54,000 from $162,000 to $216,000, and by extending the contract completion date from June 30, 2019 to June 30, 2021, effective upon approval from the Governor and Executive Council. 100% General Funds.

This agreement was originally approved by the Governor and Executive Council on June 5, 2013 (Item #81), and subsequently amended on April 22, 2015 (Item #12), and on June 21, 2017 (Item #23).

Funds are available in the following account for State Fiscal Years (SFY) 2020 and 2021:

05-95-42-4220010-7922-421010-7915 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVS, HHS: HUMAN SERVICES, MEDICAL PAYMENTS TO PROVIDERS

SFY	Class / Account	Class Title	Job Number	Current Modified Budget	Increased (Decreased) Amount	Revised Modified Budget
2014	101-500729	Medical Payments to Providers	42151501	$27,000	$0	$27,000
2015	101-500729	Medical Payments to Providers	42151501	$27,000	$0	$27,000
2016	101-500729	Medical Payments to Providers	42151501	$27,000	$0	$27,000
2017	101-500729	Medical Payments to Providers	42151501	$27,000	$0	$27,000
2018	101-500729	Medical Payments to Providers	42151501	$27,000	$0	$27,000
2019	101-500729	Medical Payments	42151501	$27,000	$0	$27,000

		to Providers				
2020	101-500729	Medical Payments to Providers	42151501	$0	$27,000	$27,000
2021	101-500729	Medical Payments to Providers	42151501	$0	$27,000	$27,000
			Total	**$162,000**	**$54,000**	**$216,000**

EXPLANATION

This request is **sole source** because the increase in funding exceeds 10% of the original contract price limitation and the Department is extending the completion date with no renewals available. The Department is satisfied with the services that the Contractor has provided to youth at the SYSC under this contract over the past six (6) years.

The purpose of this request is to allow the Contractor to continue providing laboratory services to the youth who reside at the SYSC. The Contractor provides technical laboratory personnel who collect specimens, at the request of the Department, from youth residents at SYSC. Collecting specimens onsite creates value for the Department because it eliminates the need to transport youth residents to an offsite location, which saves resources such as staff hours and state vehicle usage costs.

These services apply to thirty (30) committed or detained residents at SYSC. Approximately 100 to 150 specimens will be collected and tested from July 1, 2019 through June 30, 2021.

The Contractor collects and analyzes specimens, as ordered by medical staff at SYSC. The specimens are collected onsite at SYSC and transported to a laboratory for testing. Laboratory results are reported to the Department for each sample tested. Specimen treating reports include, but are not limited to:

- Date and time of specimen collection.
- Technician's initials.
- Pathologist's review of testing results.

The Contractor's effectiveness in delivering services will be measured through monitoring of the following performance measures the effectiveness of the amendment agreement:

- The Contractor will provide phlebotomy services at SYSC once weekly.
- The Contractor will collect 100% of specimens ordered by doctors for youths at SYSC.
- The Contractor will provide a Specimen Collection Assurance Report to the Department no less than once each fiscal quarter.
- The Contractor will notify the Department within one (1) working day of any laboratory findings that indicate a reportable disease.
- Test results are delivered to the Department within twenty-four hours of specimen collection.

Should the Governor and Executive Council not authorize this request, staff members at SYSC will need to transport youth residents at SYSC to an outside lab facility to collect

specimens for testing. This would increase the cost of specimen collection and testing, as well as increase risk to staff and youth residents. In addition, it may cause delays in the collection of specimens for laboratory testing.

Area served: Residents at SYSC in Manchester.

Source of Funds: 100% General Funds.

Respectfully submitted,

Jeffrey A. Meyers
Commissioner

State of New Hampshire
Department of Health and Human Services
Amendment #3 to the Laboratory Services for the
John H. Sununu Youth Services Center Contract

This 3rd Amendment to the John H. Sununu Youth Services Center contract (hereinafter referred to as "Amendment #3") is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Catholic Medical Center Laboratory, (hereinafter referred to as "the Contractor"), a nonprofit corporation with a place of business at 100 McGregor St. Manchester, NH 03102.

WHEREAS, pursuant to an agreement (the "contract") approved by the Governor and Executive Council on June 5, 2013 (Item #81), as amended on April 22, 2015 (Item #12) and on June 21, 2017 (Item #23), 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 or terms and conditions of the contract; and

WHEREAS, pursuant to Form P-37, General Provisions, Paragraph 18, the State may modify the scope of work and the payment schedule of the contract upon written agreement of the parties and approval from the Governor and Executive Council; and

WHEREAS, the parties agree to extend the term of the agreement, increase the price limitation, and modify the scope of services to support continued delivery of these services; and

WHEREAS, all terms and conditions of the contract and prior amendments not inconsistent with this Amendment #3 remain in full force and effect; and

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

1. Form P-37 General Provisions, Block 1.7, Completion Date, to read:
   June 30, 2021.
2. Form P-37, General Provisions, Block 1.8, Price Limitation, to read:
   $216,000.
3. Form P-37, General Provisions, Block 1.9, Contracting Officer for State Agency, to read:
   Nathan D. White, Director.
4. Form P-37, General Provisions, Block 1.10, State Agency Telephone Number, to read:
   603-271-9631.
5. Exhibit A, Scope of Services, Contract Period, to read:
   July 1, 2013 to June 30, 2021.
6. Exhibit B, Method, Schedule, and Conditions Precedent to Payment, Program Period, to read:
   July 1, 2013 to June 30, 2021.
7. Delete Standard Exhibit D, Certification Regarding Drug-Free Workplace Requirements, January 2009 in its entirety and replace with Exhibit D, Certification Regarding Drug-Free Workplace Requirements, CU/DHHS/110713.
8. Add Exhibit K, DHHS Information Security Requirements.

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

This amendment shall be retroactively effective to July1, 2019 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

6/5/19
Date

Name: ~~Joseph E.~~ Ribsam Jeffrey A. Meyers
Title: ~~Director~~ Commissioner, DHHS

Catholic Medical Center Laboratory

6/3/19
Date

Name: Alexander J. Walker, Jr.
Title: Executive VP + COO

Acknowledgement of Contractor's signature:

State of New Hampshire County of Hillsborough on June 3, 2019 before the undersigned officer, personally appeared the person identified directly 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.

Joy C. Bellemare
Signature of Notary Public or Justice of the Peace

Joy Bellemare, Executive Admin & Notary
Name and Title of Notary or Justice of the Peace

My Commission Expires: September 13, 2022

JOY C. BELLEMARE
Notary Public - New Hampshire
My Commission Expires September 13, 2022

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

OFFICE OF THE ATTORNEY GENERAL

6/5/2019
Date

Name: Lisa M. English
Title: Special Attorney

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

OFFICE OF THE SECRETARY OF STATE

_____
Date

Name:
Title:

CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

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

ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS

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

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

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

1. The grantee certifies that it will or will continue to provide a drug-free workplace by:
   - 1.1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
   - 1.2. Establishing an ongoing drug-free awareness program to inform employees about
     - 1.2.1. The dangers of drug abuse in the workplace;
     - 1.2.2. The grantee's policy of maintaining a drug-free workplace;
     - 1.2.3. Any available drug counseling, rehabilitation, and employee assistance programs; and
     - 1.2.4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
   - 1.3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
   - 1.4. Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will
     - 1.4.1. Abide by the terms of the statement; and
     - 1.4.2. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
   - 1.5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 1.4.2 from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency

has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

1.6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 1.4.2, with respect to any employee who is so convicted

1.6.1. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

1.6.2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

1.7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1.1, 1.2, 1.3, 1.4, 1.5, and 1.6.

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

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

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

Vendor Name:

6/3/2011
Date

Name: Alexander J. Walker, Jr.
Title: Executive VP + CCO

A. Definitions

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

1. "Breach" means the loss of control, compromise, unauthorized disclosure, unauthorized acquisition, unauthorized access, or any similar term referring to situations where persons other than authorized users and for an other than authorized purpose have access or potential access to personally identifiable information, whether physical or electronic. With regard to Protected Health Information, " Breach" shall have the same meaning as the term "Breach" in section 164.402 of Title 45, Code of Federal Regulations.

2. "Computer Security Incident" shall have the same meaning "Computer Security Incident" in section two (2) of NIST Publication 800-61, Computer Security Incident Handling Guide, National Institute of Standards and Technology, U.S. Department of Commerce.

3. "Confidential Information" or "Confidential Data" means all confidential information disclosed by one party to the other such as all medical, health, financial, public assistance benefits and personal information including without limitation, Substance Abuse Treatment Records, Case Records, Protected Health Information and Personally Identifiable Information.

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

4. "End User" means any person or entity (e.g., contractor, contractor's employee, business associate, subcontractor, other downstream user, etc.) that receives DHHS data or derivative data in accordance with the terms of this Contract.

5. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996 and the regulations promulgated thereunder.

6. "Incident" means an act that potentially violates an explicit or implied security policy, which includes attempts (either failed or successful) to gain unauthorized access to a system or its data, unwanted disruption or denial of service, the unauthorized use of a system for the processing or storage of data; and changes to system hardware, firmware, or software characteristics without the owner's knowledge, instruction, or consent. Incidents include the loss of data through theft or device misplacement, loss or misplacement of hardcopy documents, and misrouting of physical or electronic

mail, all of which may have the potential to put the data at risk of unauthorized access, use, disclosure, modification or destruction.

7. "Open Wireless Network" means any network or segment of a network that is not designated by the State of New Hampshire's Department of Information Technology or delegate as a protected network (designed, tested, and approved, by means of the State, to transmit) will be considered an open network and not adequately secure for the transmission of unencrypted PI, PFI, PHI or confidential DHHS data.

8. "Personal Information" (or "PI") means information which can be used to distinguish or trace an individual's identity, such as their name, social security number, personal information as defined in New Hampshire RSA 359-C:19, biometric records, etc., alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother's maiden name, etc.

9. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Parts 160 and 164, promulgated under HIPAA by the United States Department of Health and Human Services.

10. "Protected Health Information" (or "PHI") has the same meaning as provided in the definition of "Protected Health Information" in the HIPAA Privacy Rule at 45 C.F.R. § 160.103.

11. "Security Rule" shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 C.F.R. Part 164, Subpart C, and amendments thereto.

12. "Unsecured Protected Health Information" means Protected Health Information that is not secured by a technology standard that renders Protected Health Information unusable, unreadable, or indecipherable to unauthorized individuals and is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute.

I. RESPONSIBILITIES OF DHHS AND THE CONTRACTOR

A. Business Use and Disclosure of Confidential Information.

1. The Contractor must not use, disclose, maintain or transmit Confidential Information except as reasonably necessary as outlined under this Contract. Further, Contractor, including but not limited to all its directors, officers, employees and agents, must not use, disclose, maintain or transmit PHI in any manner that would constitute a violation of the Privacy and Security Rule.
2. The Contractor must not disclose any Confidential Information in response to a

request for disclosure on the basis that it is required by law, in response to a subpoena, etc., without first notifying DHHS so that DHHS has an opportunity to consent or object to the disclosure.

3. If DHHS notifies the Contractor that DHHS has agreed to be bound by additional restrictions over and above those uses or disclosures or security safeguards of PHI pursuant to the Privacy and Security Rule, the Contractor must be bound by such additional restrictions and must not disclose PHI in violation of such additional restrictions and must abide by any additional security safeguards.
4. The Contractor agrees that DHHS Data or derivative there from disclosed to an End User must only be used pursuant to the terms of this Contract.
5. The Contractor agrees DHHS Data obtained under this Contract may not be used for any other purposes that are not indicated in this Contract.
6. The Contractor agrees to grant access to the data to the authorized representatives of DHHS for the purpose of inspecting to confirm compliance with the terms of this Contract.

II. METHODS OF SECURE TRANSMISSION OF DATA

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

wireless network. End User must employ a virtual private network (VPN) when remotely transmitting via an open wireless network.

9. Remote User Communication. If End User is employing remote communication to access or transmit Confidential Data, a virtual private network (VPN) must be installed on the End User's mobile device(s) or laptop from which information will be transmitted or accessed.
10. SSH File Transfer Protocol (SFTP), also known as Secure File Transfer Protocol. If End User is employing an SFTP to transmit Confidential Data, End User will structure the Folder and access privileges to prevent inappropriate disclosure of information. SFTP folders and sub-folders used for transmitting Confidential Data will be coded for 24-hour auto-deletion cycle (i.e. Confidential Data will be deleted every 24 hours).
11. Wireless Devices. If End User is transmitting Confidential Data via wireless devices, all data must be encrypted to prevent inappropriate disclosure of information.

III. RETENTION AND DISPOSITION OF IDENTIFIABLE RECORDS

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

A. Retention

1. The Contractor agrees it will not store, transfer or process data collected in connection with the services rendered under this Contract outside of the United States. This physical location requirement shall also apply in the implementation of cloud computing, cloud service or cloud storage capabilities, and includes backup data and Disaster Recovery locations.
2. The Contractor agrees to ensure proper security monitoring capabilities are in place to detect potential security events that can impact State of NH systems and/or Department confidential information for contractor provided systems.
3. The Contractor agrees to provide security awareness and education for its End Users in support of protecting Department confidential information.
4. The Contractor agrees to retain all electronic and hard copies of Confidential Data in a secure location and identified in section IV. A.2
5. The Contractor agrees Confidential Data stored in a Cloud must be in a FedRAMP/HITECH compliant solution and comply with all applicable statutes and regulations regarding the privacy and security. All servers and devices must have currently-supported and hardened operating systems, the latest anti-viral, anti-hacker, anti-spam, anti-spyware, and anti-malware utilities. The environment, as a

whole, must have aggressive intrusion-detection and firewall protection.

6. The Contractor agrees to and ensures its complete cooperation with the State's Chief Information Officer in the detection of any security vulnerability of the hosting infrastructure.

B. Disposition

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

IV. PROCEDURES FOR SECURITY

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

1. The Contractor will maintain proper security controls to protect Department confidential information collected, processed, managed, and/or stored in the delivery of contracted services.
2. The Contractor will maintain policies and procedures to protect Department confidential information throughout the information lifecycle, where applicable, (from creation, transformation, use, storage and secure destruction) regardless of the media used to store the data (i.e., tape, disk, paper, etc.).

3. The Contractor will maintain appropriate authentication and access controls to contractor systems that collect, transmit, or store Department confidential information where applicable.

4. The Contractor will ensure proper security monitoring capabilities are in place to detect potential security events that can impact State of NH systems and/or Department confidential information for contractor provided systems.

5. The Contractor will provide regular security awareness and education for its End Users in support of protecting Department confidential information.

6. If the Contractor will be sub-contracting any core functions of the engagement supporting the services for State of New Hampshire, the Contractor will maintain a program of an internal process or processes that defines specific security expectations, and monitoring compliance to security requirements that at a minimum match those for the Contractor, including breach notification requirements.

7. The Contractor will work with the Department to sign and comply with all applicable State of New Hampshire and Department system access and authorization policies and procedures, systems access forms, and computer use agreements as part of obtaining and maintaining access to any Department system(s). Agreements will be completed and signed by the Contractor and any applicable sub-contractors prior to system access being authorized.

8. If the Department determines the Contractor is a Business Associate pursuant to 45 CFR 160.103, the Contractor will execute a HIPAA Business Associate Agreement (BAA) with the Department and is responsible for maintaining compliance with the agreement.

9. The Contractor will work with the Department at its request to complete a System Management Survey. The purpose of the survey is to enable the Department and Contractor to monitor for any changes in risks, threats, and vulnerabilities that may occur over the life of the Contractor engagement. The survey will be completed annually, or an alternate time frame at the Departments discretion with agreement by the Contractor, or the Department may request the survey be completed when the scope of the engagement between the Department and the Contractor changes.

10. The Contractor will not store, knowingly or unknowingly, any State of New Hampshire or Department data offshore or outside the boundaries of the United States unless prior express written consent is obtained from the Information Security Office leadership member within the Department.

11. Data Security Breach Liability. In the event of any security breach Contractor shall make efforts to investigate the causes of the breach, promptly take measures to prevent future breach and minimize any damage or loss resulting from the breach. The State shall recover from the Contractor all costs of response and recovery from

the breach, including but not limited to: credit monitoring services, mailing costs and costs associated with website and telephone call center services necessary due to the breach.

12. Contractor must, comply with all applicable statutes and regulations regarding the privacy and security of Confidential Information, and must in all other respects maintain the privacy and security of PI and PHI at a level and scope that is not less than the level and scope of requirements applicable to federal agencies, including, but not limited to, provisions of the Privacy Act of 1974 (5 U.S.C. § 552a), DHHS Privacy Act Regulations (45 C.F.R. §5b), HIPAA Privacy and Security Rules (45 C.F.R. Parts 160 and 164) that govern protections for individually identifiable health information and as applicable under State law.

13. Contractor agrees to establish and maintain appropriate administrative, technical, and physical safeguards to protect the confidentiality of the Confidential Data and to prevent unauthorized use or access to it. The safeguards must provide a level and scope of security that is not less than the level and scope of security requirements established by the State of New Hampshire, Department of Information Technology. Refer to Vendor Resources/Procurement at https://www.nh.gov/doit/vendor/index.htm for the Department of Information Technology policies, guidelines, standards, and procurement information relating to vendors.

14. Contractor agrees to maintain a documented breach notification and incident response process. The Contractor will notify the State's Privacy Officer and the State's Security Officer of any security breach immediately, at the email addresses provided in Section VI. This includes a confidential information breach, computer security incident, or suspected breach which affects or includes any State of New Hampshire systems that connect to the State of New Hampshire network.

15. Contractor must restrict access to the Confidential Data obtained under this Contract to only those authorized End Users who need such DHHS Data to perform their official duties in connection with purposes identified in this Contract.

16. The Contractor must ensure that all End Users:

    a. comply with such safeguards as referenced in Section IV A. above, implemented to protect Confidential Information that is furnished by DHHS under this Contract from loss, theft or inadvertent disclosure.

    b. safeguard this information at all times.

    c. ensure that laptops and other electronic devices/media containing PHI, PI, or PFI are encrypted and password-protected.

    d. send emails containing Confidential Information only if encrypted and being sent to and being received by email addresses of persons authorized to receive such information.

e. limit disclosure of the Confidential Information to the extent permitted by law.

f. Confidential Information received under this Contract and individually identifiable data derived from DHHS Data, must be stored in an area that is physically and technologically secure from access by unauthorized persons during duty hours as well as non-duty hours (e.g., door locks, card keys, biometric identifiers, etc.).

g. only authorized End Users may transmit the Confidential Data, including any derivative files containing personally identifiable information, and in all cases, such data must be encrypted at all times when in transit, at rest, or when stored on portable media as required in section IV above.

h. in all other instances Confidential Data must be maintained, used and disclosed using appropriate safeguards, as determined by a risk-based assessment of the circumstances involved.

i. understand that their user credentials (user name and password) must not be shared with anyone. End Users will keep their credential information secure. This applies to credentials used to access the site directly or indirectly through a third party application.

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

V. LOSS REPORTING

The Contractor must notify the State's Privacy Officer and Security Officer of any Security Incidents and Breaches immediately, at the email addresses provided in Section VI.

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

1. Identify Incidents;
2. Determine if personally identifiable information is involved in Incidents;
3. Report suspected or confirmed Incidents as required in this Exhibit or P-37;
4. Identify and convene a core response group to determine the risk level of Incidents and determine risk-based responses to Incidents; and

5. Determine whether Breach notification is required, and, if so, identify appropriate Breach notification methods, timing, source, and contents from among different options, and bear costs associated with the Breach notice as well as any mitigation measures.

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

VI. PERSONS TO CONTACT

A. DHHS Privacy Officer:

DHHSPrivacyOfficer@dhhs.nh.gov

B. DHHS Security Officer:

DHHSInformationSecurityOffice@dhhs.nh.gov

23 mac

STATE OF NEW HAMPSHIRE

DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF HUMAN SERVICES

DIVISION FOR CHILDREN, YOUTH & FAMILIES

Jeffrey A. Meyers
Commissioner

Maureen U. Ryan
Interim Director

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

May 11, 2017

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

REQUESTED ACTION

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

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

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

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

EXPLANATION

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

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

This Contract was competitively bid.

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

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

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

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

Source of Funds: 100% General Funds

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

Respectfully submitted,

Maureen U. Ryan
Interim Director

Approved by: Jeffrey A. Meyers
Commissioner

4V

STATE OF NEW HAMPSHIRE

DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF HUMAN SERVICES

DIVISION FOR CHILDREN, YOUTH & FAMILIES

Nicholas A. Toumpas
Commissioner

Lorraine Bartlett
Director

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

12

April 7, 2015

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

REQUESTED ACTION

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

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

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

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

EXPLANATION

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

The original contract was competitively bid.

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

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

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

Source of funds: 100% General funds

Respectfully submitted,

Mary Ann Cooney
Associate Commissioner

Approved by:

Nicholas A. Toumpas
Commissioner

81 96

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

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

Nicholas A. Toumpas
Commissioner

Maggie Bishop
Director

6/5/13 #81

April 19, 2013

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

100% general

REQUESTED ACTION

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

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

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

EXPLANATION

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

Competitive Bidding Process

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

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

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

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

Agreement Terms

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

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

Source of funds: 100% General funds

Respectfully submitted,

Maggie Bishop (ces)

Maggie Bishop
Director

Approved by:

Nicholas A. Toumpas
Commissioner